THE STRUGGLE AGAINST HIGH FINANCE

Gottfried Feder

BERSERKER
BOOKS

Foreword

We are now in the tenth year following the memorable 9 November 1923. On the day before, 8 November, our Leader wrote the foreword to my book, *The German State on a National and Social Foundation*, in which he wrote: 'The literature of our movement has thus received its catechism.' A brief span in the life of a nation, but one that is highly significant and decisive when one considers the development of our movement and the fortunes of our people during this period. For in these few years, the vast majority of nationally minded Germans came to recognise National Socialism as their salvation, and, step by step, the consequences of the ill-fated Treaty of Versailles proved the legitimacy and correctness of our demands. Our Führer stood before us in during these decisive years with exemplary steadfastness. The movement's programmatic goals, which were set out at its inception, remained unshaken,

I believe it is my duty to bear witness before the German people, at least in the main points, to what I myself was privileged to achieve for the movement during those years. I have had to go back to the very beginnings, which date as far back as 1919, and it may be of interest to note that the essential points were already set out at that time. Only material that has been published is included here. Also the only handwritten

is probably not yet the right time to publish the handwritten submissions.

It was in May 1919, shortly after I had published my essay 'Das Radikalmittel', that I spoke to a group of soldiers, among whom was Adolf Hitler. Adolf Hitler writes about this in his book *Mein Kampf* (Vol. I, pp. 220 ff., People's Edition, pp. 229 ff.): 'For the first time in my life, I heard a fundamental critique of international stock-market and loan capital. After listening to Feder's first lecture, the thought immediately flashed through my mind that I had now found the path to one of the most essential prerequisites for founding a new party. In my view, Feder's merit lay in having identified, with ruthless brutality, the speculative and economically damaging nature of stock market and loan capital, whilst exposing its age-old prerequisite of interest. His arguments were so sound on all fundamental issues that his critics, from the outset, disputed not so much the theoretical correctness of the idea as they doubted the practical feasibility of its implementation. Yet what others saw as a weakness in Feder's arguments was, in my view, their strength." And further: "When I heard Gottfried Feder's first lecture on breaking the bondage of interest, I knew immediately that this was a theoretical truth , which would of immense significance for the

future of the German people. The sharp separation of stock market capital from the national economy offered the opportunity to counter the internationalisation of the German economy without, at the same time, threatening the very foundations of independent national self-preservation through the struggle against capital. The course of Germany's development was already far too clear to me for me not to have realised that the most arduous struggle would no longer be waged against hostile nations, but against international capital. In Feder's lecture, I sensed a powerful rallying cry for this coming struggle."

The following pages deal with the main issues of National Socialist financial and economic policy. This book is not intended to replace my work *The German State on a National and Social Basis*, which remains in its own right a fundamental summary of the subject, nor is it intended to serve as a comprehensive, systematic exposition of the field. It may be that the closer connection of the individual pieces to contemporary events lends them greater vitality; indeed, in their historical sequence, they may also constitute a welcome contribution to the history of our movement. To avoid repetition, I have shortened the essays to form . As the

'Deutsche Staat' at in its new edition in of the

'National Socialist e Library' remained also in this

reprint, the individual writings have remained essentially and in all fundamental respects unchanged. The sources of the first edition have been cited.

Murnau, October 1932.

Gottfried Feder

On the fifth edition

On 30 January 1933, Reich President von Hindenburg appointed Adolf Hitler as Reich Chancellor. On 5 March, the German people demonstrated their faith in the Führer. The German Reich is National Socialist. It has become possible, step by step, to fulfil the demands we have been making for fourteen years.

This book, which was intended to be a documentary when it was written, has now become a record of a movement that has become a reality out of hope and confidence. It is therefore being published unchanged.

Murnau, September 1934.

Gottfried Feder

The Inner History of the Break from the Bondage of Interest

Introduction

First published in the *Völkischer Beobachter*, 1920, No. 72

Happy is he who has recognised the deep reasons behind things.
Virgil.

'How did you actually come to the idea of breaking the bondage of interest?' I am now frequently asked. I do not know whether Columbus was also frequently asked: 'How did you actually come to the discovery of America?' The answer to such a question can and will vary greatly, depending on the position the questioner takes on the matter and on the person in question. Nevertheless, I shall endeavour to provide an answer that satisfies the questioner and — what I consider even more important in such cases — the person being asked, to the best of my ability.

The realisation of very important, perhaps the most important, connections in major world issues is surely always a matter of a flash of intuition, of creative insight into previously obscure connections, illuminated by exhilarating prospects for the future. This birth of an idea, this sudden, clear recognition of a truth, lies at the intersection of the inner and outer history of thought. The inner history is often obscure and veiled; it takes place partly within the subconscious; in any case, however, a thorough examination of the inner experiences reveals clues for the psychological

development of a thought, just as, of course, a certain mental attitude is a prerequisite for the proper utilisation of psychological experiences.

The intellectual prerequisite need not, by any means, be based on specialisation in a particular subject, but lies, much more generally, in having the right instinct for certain relationships.

In my case, a good sense of order of magnitude was probably the prerequisite for the coherent compilation of the series of facts that were first intuitively grasped and then scientifically verified. And in my professional capacity as an engineer, this sure sense of order of magnitude was always more important and more reliable to me for calculation results or for the dimensioning of structural components than the results from the slide rule and the logarithm tables, which, whilst yielding numerically much more precise results, do not indicate the correct 'decimal point' not . It is the the correct
'decimal point' — that is, the order of magnitude — whether ones, tens, hundreds or thousands — is what matters when answering economic policy questions of the greatest scope, not the second, third or fourth digit in the sequence. What matters is not whether Germany's fixed-interest debt burden amounts to 275 or 320 billion, nor whether the total capital of all German public limited companies amounts to 13.8 or 14.6 billion, but rather that the fixed-interest securities require interest payments of around 15 billion

, whereas the total dividends paid by German industry in its best year amounted to only around 1 billion; the ratio between the two best-known forms of securities – fixed-income securities and profit-sharing securities – is therefore of the order of 1:15.

The impact of life and professional experiences—which were not always easy—on one's mental attitude towards a comfortable income derived purely from the ownership of money, from interest and dividends, manifested itself in a heightened awareness of general economic and social conditions. As a young engineer and entrepreneur with too little capital for my far-reaching entrepreneurial ambitions, I soon came to know the iron, merciless grip of impersonal financial power, which first offers and grants the desired 'credit', but then, during every economic crisis, acts exclusively in accordance with self-serving capital interests. Abroad, I then saw how the credit needs of smaller states were carefully nurtured, and credit was then 'generously' granted – for example, the 600 million from the Discount Society to Bulgaria in 1913–14; but then also, whatdemoralising relationships of dependency of all kinds that resulted from this. In this way, the bridge had already been built from narrow personal experience to a broader understanding of international relations. The realisation of the strong, inseparable financial and moral

Although the connections were present in my subconscious, they were by no means clear.

The Great War, with its overwhelming impact, probably overshadowed any further consideration of these financial issues in the early years, until the colossal cost of financing the World War through our war bonds so greatly heightened my attention and — my unease about the nation's mounting debt to such an extent that I repeatedly spoke out, even to banking experts, against the form of our much-vaunted 'secured debt' as opposed to the 'unsecured debts' of France and England. Admittedly, I was met at the time with more or less pitying smiles, although even then it had to be conceded that 'naturally, with ever-increasing debt, there could no longer be any question of the war debt actually being "soundly underpinning" the economy'.

I would have considered the Reich's indebtedness through the printing of banknotes alone to be sufficient, without it being necessary to burden the entire population even further with high interest rates, which – just like the debt itself – could never be regarded as covered by the Reich's actual assets given the enormous sums involved, but could only ever be covered by the tax-paying capacity of the entire population. However, as long as a victorious conclusion to the war left open the possibility of a full or partial relief from the burdens of war, a more detailed examination of these circumstances

was neglected. When fate then took its course for our poor German people during those dark November days, all those conscious and unconscious, emotional and rational experiences and insights were reawakened, and my suddenly clear answer to the anxious question ‘What now?’ was:

Break the bondage of interest!

The first draft was written in a single night, and as early as 20 November 1918 I submitted my guiding principles and demands for the breaking of interest slavery to the government of the People’s State of Bavaria.

I emphasise that no actual socialist lines of thought played any part in this whatsoever.

In contrast, however, to the revolutionary slogans of ‘Liberty — Equality — Fraternity’, the idea of breaking the shackles of usury met with very little understanding from the Marxist ministry. Not to mention the fact that the capitalist-oriented press initially shrouded itself in an icy silence.

With this public emergence of the idea, the external history of the idea begins, which will then provide an answer to the frequently asked question: ‘What has actually been done so far to put the idea into practice?’

The Radical Remedy

First published in the February 1919 issue of the
Süddeutsche Monatshefte, Munich

Nummus non nummum parit! Money should not be able to beget money. An age-old problem of humanity — the problem of interest — is expressed in the concise words of this ancient Roman legal maxim. — 'You shall not charge usury to your brother!' commands the Bible.

There is a certain resistance within us to the idea that money, as something inherently unproductive, should grow of its own accord by virtue of interest; it goes against our moral sensibilities that the mere possession of money, without any contribution of one's own labour, should increase by virtue of interest. The justifications put forward by economists for the legitimacy of interest do not quite hold water; especially not where the main argument for interest—the risk associated with lending money—is reduced to a minimum. This is the case with the overwhelming majority of fixed-income investments, most of which are assets that, by virtue of the statutory guarantee of security for minors, are subject to a minimum limit on potential loss, so that there can be no question of any particular risk in their case. With other, less secure investments — share-based companies, limited liability companies (GmbH) — the greater risk is offset by the greater potential for profit. With these securities, we have already crossed the boundary of the narrower definition of loan capital.

What is loan capital? Loan capital is debt! This fact is all too often overlooked. One should not say that the German people possess 100 billion in capital in the form of war bonds, but rather that they have 100 billion in debt.

Does the German people have the means to pay the interest on these loans? On top of that, there are a further 50 billion in unsecured debt, on which the German people must likewise pay the interest; on top of that, 25 billion in bond debt owed by the state and Reich railways, on which they must likewise pay the interest; on top of that, 12 billion in debentures issued by the land credit institutions; on top of that, 11 billion in mortgage bonds issued by the mortgage banks, for which the people must pay the interest in the form of high rents; on top of that, 6 billion in debentures issued by German towns and municipalities, on which the German people must pay interest. The German people as a whole must work to service the interest on all this capital.

Far beyond 200 billion such bonds must the German people pay interest on. To this end, the entire working population of Germany must from now on toil in servitude for all eternity for the sake of eternal interest!

It is now extraordinarily remarkable that our entire socialist body of thought, from Marx and Engels right up to the Erfurt Programme and its principal interpreter, Kautsky, does not primarily direct itself against this loan capital, but instead, with fanatical vehemence, deliberately designates large-scale industrial capital as the scourge of

the working class. The first fundamental question regarding the validity of such a struggle must be preceded by a detailed examination of the capital invested in our large-scale industry. It will probably come as a surprise to most readers to hear th that the above only quite summarily

added up		far over	200	billion
fixed-income securities	debt	only	11.8	billion

the share capital of our German industrial enterprises. We must realise that in all sectors – namely in our iron and coal industries, in clothing and textiles, in minerals and earths, in mining and shipping, in timber and glass, in our construction industry, in the vast chemical plants, in our once world-leading electrical industry, in our machinery and locomotive factories, shipyards and paper mills, in the transport— and food industries—in short: in the infinitely vast field of all industries—only 11.8 billion of our national wealth is invested.

This observation has provided us with a basis for further consideration of our problem. It is of fundamental importance for any large-scale examination of such contemporary issues to gain a clear understanding of the order of magnitude of the factors under consideration. It matters not whether the individual figures fluctuate by 10–20 % upwards or downwards ; however, it is

a reliable determination of the order of magnitude[1]) of the various groups of figures is an indispensable prerequisite.

20:1 is therefore roughly the ratio of fixed-interest loan capital to industrial capital. This is the first fundamental observation. Around 10 billion is required to service the interest of the in Germany . The dividend income from all German public limited companies amounted to around 1 billion. This ratio of approximately 1:10 must also be borne in mind as a second fundamental finding.

There is one more third point we need to clarify. This concerns the growth of the two capital groups. I need to go into a little more detail here, and I hope to explain the problem by taking a brief detour into higher mathematics. First, a few examples.

The charming story of the invention of chess is well known. The wealthy Indian King Sherham, in gratitude for the invention of the royal game, granted the inventor one wish. The sage's request was that the king should place one grain of wheat on the first square of the chessboard, two on the second, four on the third, and so on, doubling the number on each subsequent square compared to the one before it. The king smiled at the sage's seemingly modest request and ordered a sack of wheat to be brought so that the grains could be distributed across each square. It is well known that fulfilling this request would have been

. All the harvests of the world over a thousand years would not be enough to fill the 64 squares of the chessboard.

Another example: some will still remember from their school days the torment of compound interest calculations; how the pfennig invested at the time of Christ's birth, with compound interest, would multiply so that it doubled every fifteen years. In the year 15 AD, the pfennig had grown to 2 pfennigs; in the year 30
AD to 4 pfennigs, in the year 45 AD to 8 pfennigs, and so on. Very few will remember what value that pfennig would represent today. Our entire Earth, solidly made of pure gold; our Sun, which is 1,297,000 times larger than our globe; all our planets, glowing red with gold – none of these would suffice to express the value of this pfennig invested at compound interest.

A third example: the wealth of the House of Rothschild, the oldest international plutocracy, is estimated today at around
40 billion. It is well known that the elder Amschel Mayer Rothschild, in Frankfurt around the year 1800 and without any significant personal wealth of his own, laid the foundations for his family's vast fortune by re-lending the millions that Landgrave Wilhelm I of Hesse had entrusted to him for safekeeping.

Had the growth of the Rothschilds' wealth through interest and compound interest proceeded at the modest rate seen with the pfennig, the curve would not have been so steep. But assuming that the increase in the

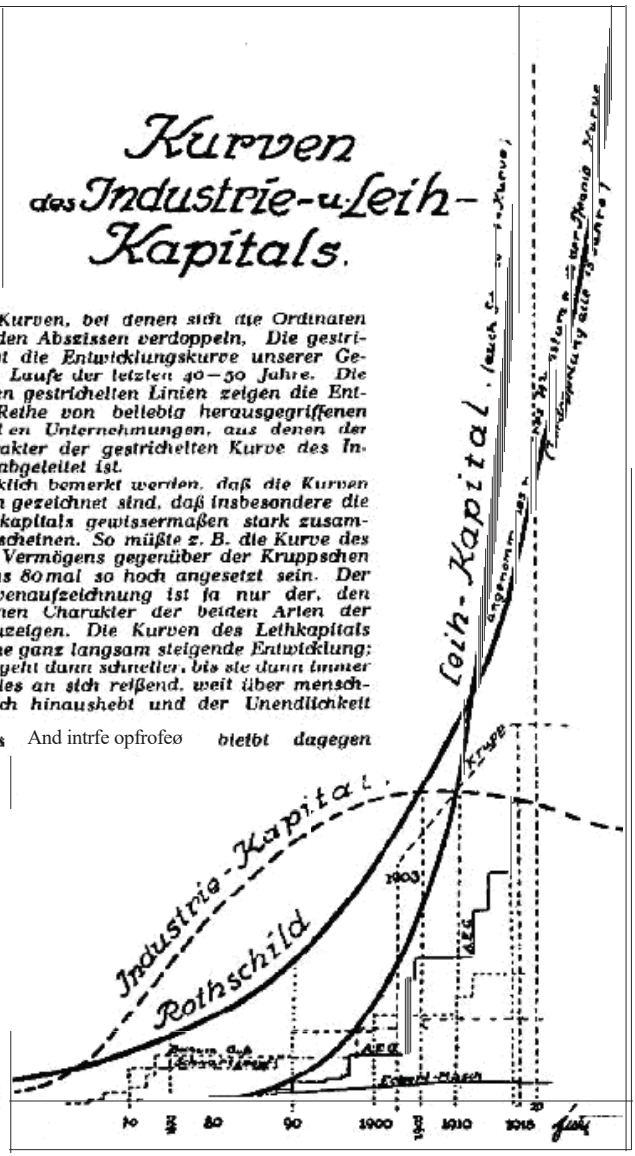
Rothschild family's total wealth were to continue only at the rate of the pfennig, then the Rothschild fortune would amount to 80 billion in 1935, 160 billion in 1950, and 320 billion in 1965, thereby already far exceeding Germany's total national wealth.

A mathematical law can be derived from these three examples. The curve representing the growth of the Rothschilds' wealth, the curve derived from the number of grains of wheat on the chessboard, and the curve showing the growth of the pfennig invested at compound interest are all simple mathematical curves. All these curves share the same characteristic. After an initially modest and slow rise, the curve becomes steeper and steeper and soon approaches infinity almost tangentially.

The trend lines for industrial capital follow a very different course. Although they too have generally grown from modest beginnings, the lines soon show a sharp rise until a certain level of capital saturation is reached. The lines then flatten out and will generally dip slightly again in the individual industries when new inventions have led to the depreciation of existing factory facilities, machinery, etc. I would like to highlight just one example here: the development of the Krupp works. In 1826, the elder Krupp died with almost no assets. In 1855, Alfred Krupp received his first order for 36 guns from the Egyptian government. By 1873, Krupp was already employing 12,000 workers. In 1903,

Mrs Berta Krupp sold all the works and facilities to Alfred Krupp AG for 160 million. Today, the share capital stands at 250 million. What does the name Krupp mean to us Germans? The pinnacle of our industrial development. The world's first cannon manufacturer. A vast amount of the most tenacious, determined and intensive labour. For hundreds of thousands of our people, the Krupp enterprise meant bread and work. For our people, defence and weapons. And yet, what does the growth of the Krupp fortune over a century of the most tenacious labour mean when compared to the growth of the Rothschild fortune from interest and compound interest through effortless and endless appreciation in value? It is a dwarf compared to these billions. Nothing illustrates more clearly the profound difference in nature between loan capital and industrial capital. Nothing can make the distinction clearer between the devastating effects of interest on loans and the operating profits (dividends) of magnificent industrial enterprises .

Kurven des Industrie-u. Leih-Kapitals.



Die beiden stark aufgezeichneten Kurven sind Lethzinskurven, und zwar zeigt die obere Kurve die Entwicklung des Rothschildschen Vermögens und die untere zuerst flach und dann rapid steigende Kurve zeigt ganz allgemein die charakteristische Entwicklung aller derartigen Kurven, bei denen sich die Ordinaten bei gleichbleibenden Abszissen verdoppeln. Die gestrichelte Linie zeigt die Entwicklungskurve unserer Gesamtindustrie im Laufe der letzten 40—50 Jahre. Die feinen, verschieden gestrichelten Linien zeigen die Entwicklung einer Reihe von beliebig herausgegriffenen großen industriellen Unternehmungen, aus denen der allgemeine Charakter der gestrichelten Kurve des Industriekapitales abgeleitet ist.

Es muß ausdrücklich bemerkt werden, daß die Kurven nicht maßstäblich gezeichnet sind, daß insbesondere die Kurven des Leihkapitals gewissermaßen stark zusammengestaucht erscheinen. So müßte z. B. die Kurve des Rothschildschen Vermögens gegenüber der Kruppschen Kurve mindestens 80 mal so hoch angesetzt sein. Der Zweck der Kurvenaufzeichnung ist ja nur der, den grundverschiedenen Charakter der beiden Arten der Kapitalien aufzuzeigen. Die Kurven des Leihkapitals zeigen zuerst eine ganz langsam steigende Entwicklung; die Entwicklung geht dann schneller, bis sie dann immer rasender und alles an sich reißend, weit über menschliche Begriffe sich hinaushebt und der Unendlichkeit zustrebt.

Die Kurve des And intrfe opfrofeø *bleibt dagegen im Endlichen!*

Der Verlauf mag im einzelnen noch starke Abchungen zei, im allgeme wird der Grund charakter indu strieller Ent wicklung imme so sein, daß nac kräftiger, an fänglicher Ent wicklung ein gewisse Zeit der Reife, der Sättigung folgt, worauf dann langsamer oder schneller der Niedergang folgt.

It cannot be emphasised enough that an understanding of the mathematical laws governing loan capital and industrial capital is the only thing that shows us clearly where to apply the lever to bring about a radical transformation of our shattered financial system. We recognise clearly that it is not the capitalist economic system, nor capital as such, that is the scourge of humanity: the insatiable demand for interest on the part of big lending capital is the curse of the entire working class!

There must be capital — there must be labour! Labour alone can achieve little — capital alone should achieve nothing!

Capital without labour must be rendered sterile! Therefore, the most important demand, the noblest task of the revolution, the most rational purpose of a world revolution is the

breaking the bondage of interest imposed by money.

The Rothschild family's fortune is currently estimated at 40 billion. The billionaires of American high finance—Messrs Kahn, Lob, Schiff, Speyer, Morgan, Vanderbilt and Astor, are estimated collectively to be worth at least 60–70 billion; at an interest rate of just 5 per cent, this amounts to an income for these eight families of 5 to 6 billion, which is almost as much as, according to Helfferich's research in 1912, 75 per cent of all taxpayers in Prussia had in annual income. (At that time, there were around 21,000,000
taxpayers. 75 per cent of these amounted to around 15,000,000. On average, there were 1.56 dependants per taxpayer, making a total of 23 million dependants.)

Around 38,000,000 Germans have therefore had to make do with what the billionaires mentioned above earn in a year.

— Admittedly, American billionaires are not pure moneylenders in the same sense as the House of Rothschild; nor do I wish to argue at all as to whether American billionaires

are '100-million-dollar billionaires' or genuine '1,000

—million—mark—billionaires'; in the former case, one would simply have to add another dozen or two of these tycoons. Or take let's just the Rathenauschen

'300' – then our figures are certainly correct. It is not at all important here to give an exact figure. The recognised scale of 300 to 38,000,000 alone opens our eyes to the tyranny of international loan capital.

That is why it is imperative to shake off, in one fell swoop, these dreadful shackles which are bound to stifle all productive labour, and to wrest power from money so that it ceases to bear interest and bear interest again and again, until the whole of humanity has become completely indebted to international loan capital.

Our fatherland is gravely ill; the whole world is gravely ill. The poison of Mammonism is eating away at the body of humanity. Bolshevism seeks to cure humanity. It wants to smash it to pieces like earthenware pots. It intends to subject suffering humanity to an 'Iron Beard cure' ; it believes it can save people through surgery, when in fact the cause of the illness is a creeping poison. Only the removal of the poison can bring salvation. The idea of breaking the bondage of interest is not directed against human nature; not eradicated will boldly

entrepreneurial spirit is not stifled, nor is the production of goods hindered — only the laborious and endless flow of goods arising from usurious interest must come to an end.

Let us now briefly clarify the most important aspects of this revolutionary demand; in doing so, we shall first examine the issues from our national perspective.

To begin with, this requires a clear view of our current situation. State Secretary Schiffer outlined it in his major speech ‘ ’ at the Berlin Chamber of Commerce for
“unmistakable”, it is claimed. This is only partly true. What is unmistakable is the enormous debt burden on our national economy, the unprecedented devaluation of our currency – in short, the fact that we have become a poor nation overnight.

However, the burdens imposed on us by the peace treaty cannot be overlooked. As we have seen, the existing debt obligations amount to around 250 billion. Let us assume for a moment that the Entente imposes a further 50 billion on us in war reparations in some form or other; that brings the total debt to around 300 billion. However difficult it may be to squeeze into the limited scope of this treatise, a few words must be said here about the size of Germany’s national wealth. The studies by Helfferich and Steinmann-Bucher put German national wealth at around 350 billion. One can only attach very limited value to such estimates, however carefully they may have been constructed. They apply only to periods of undisturbed economic activity. They

are, however, misleading even in that context, as they include state and local authority assets, such as road construction, river regulation works, etc. It is evident that, whilst the construction of such works has cost an enormous amount of money, they do not, in fact, possess any intrinsic value. A better yardstick for the level of national wealth is what is known as ‘taxable assets’, as derived from tax returns for the defence levy or the war wealth tax. This yielded a total of 192 billion, which is considerably less than the figures given in Helfferich’s statements. A surcharge of around 10 per cent – based on experience – may be added to this sum to account for small assets that are legally exempt from tax, and a surcharge of roughly the same magnitude for ‘hidden reserves’.

In any case, it seems utopian to me to speak of a national wealth exceeding 250 billion. But even this figure is of only very limited value. The most accurate approach would be to abandon the very notion of a national wealth that can be quantified in figures and to come to the realisation that national wealth finds its expression exclusively in the intellectual and physical labour of the entire nation; it therefore belongs to orders of magnitude that have nothing whatsoever to do with the narrower concept of capital. Admittedly, we must recognise a further source of national wealth in the existence of mineral resources, forest wealth and fertile soil; yet even these cannot be quantified, as they fluctuate between zero and infinity, depending on whether the mineral resources lie fallow or are

calculated, on the basis of geological surveys, to amount to billions of tonnes of coal, etc.

We must not forget that Germany is, in fact, a poor country. It has almost no monopolies. In terms of mineral wealth, it lags far behind most of its neighbouring countries, not to mention the unimaginable mineral wealth of the Chinese, Indian and American empires. In terms of soil fertility, it lags far behind the blessed expanses of Russian black earth and the effortlessly productive tropical and subtropical regions. Ultimately, therefore, all we have is the labour and the willingness to work of our people, and we must be clear that, given this situation, there can be no question of sound loans or of collateral for our debentures.

Whether it be an interest-bearing war bond or an interest-free Reichsbank note, the sole backing for them is the tax-paying capacity of the entire population; and what is tax-paying capacity if not a function of the labour output of the entire working population?

We must now briefly clarify another set of issues touched upon here, namely the main items of our state revenue and expenditure. There is a curious contrast between the prominence that the question of raising funds occupies in our private lives and the interest we show in the major issues of our state's financial management; yet there is absolutely no fundamental difference between the individual economy and the national economy.

The main sources of state revenue are: firstly, the net proceeds from the postal service and railways; secondly, those from mines, forestry administration and other state-run enterprises; thirdly, customs duties and indirect taxes; and fourthly, direct taxes.

In order to avoid merely engaging in theoretical discussions on such eminently practical matters as those raised by , I shall briefly explain the individual items according to their magnitude, using the Bavarian state budget[2] for the year 1911 as an example. — The Post,
Telegraph and Railways yielded 120 million; forests, mines, etc., around 40 million; indirect taxes 53 million; and direct taxes 60 million. A further 67 million came from stamp duties, fees, inheritance tax, ground rent, transfers from the Reich, etc.

What, then, of expenditure? First and foremost, we find expenditure on interest payments on the national debt, including railway bonds, amounting to 85 million. For the Royal Household: 5 million; the administration of justice
27 million, internal administration 40 million, churches and schools 51 million, financial administration 13 million, expenditure for imperial purposes 50 million, pensions 36 million. Miscellaneous expenditure 5 million. A revenue surplus of 27 million balanced the annual budget in that fortunate year for Bavarian finances.

However, within the scope of our discussion, we are concerned only with those expenditures that can be eliminated by breaking free from the yoke of interest payments. Naturally, the expenditure on interest payments on the national debt, amounting to 85 million, takes first place here; in addition, the largest part of our expenditure for the

financial administration, at around 10 million; furthermore, a large part of the expenditure for imperial purposes, of which we shall estimate half at 25 million; and finally, the expenditure on the Royal House, amounting to 5 million, totalling 125 million.

The elimination of these items would mean that it would be possible to dispense with the levying of all direct and indirect taxes, which, as we have seen, yielded 53 and 60, totalling 113 million! We are by no means of the opinion that direct and indirect taxes should be abolished entirely; within reasonable limits, they undoubtedly have an educational effect on the one hand and a regulating effect on the other. It is certainly only right and proper that income from soundly held property should remain subject to a moderate, graduated tax; after all, the state must also use its powers to ensure undisturbed ownership; it also seems appropriate that trade and industry should be required to make corresponding tax contributions from their operating profits; after all, the state must also ensure the maintenance and development of public transport infrastructure for their benefit; a corresponding minimum poll tax for every citizen eligible to vote is likewise a requirement of justice, and the state is also required to safeguard the security of persons and property.

In the field of indirect taxation, a substantial expansion of all pure luxury taxes could have a regulatory effect in the best sense of the term, whilst all basic foodstuffs and necessities of life should be kept free of tax.

The aim of such a tax policy would not so much be to achieve a high financial yield—that cannot

, as for the vast majority of the population it is not intended to be a real tax burden, but merely a reminder that a person is not only an individual but also a citizen, and that alongside civic rights they also have civic duties. The revenue should not so much be used to relieve the burden on state-run enterprises, whose net profit, as we have seen, must suffice to cover the state's ordinary expenditure on education, training, the administration of justice, internal administration, etc. Instead, it should be used to promote specific cultural tasks of the state for which adequate funds have never been available within the framework of the ordinary state budget. I am thinking here first and foremost of infant homes, institutions for the blind and the disabled, day-care centres, maternity care, the fight against tuberculosis, alcoholism and sexually transmitted diseases, the development of garden cities and housing estates, and in particular the accommodation and humane care of our war-wounded.

Our horizons are broadening. We are seeing new territory. Could the abolition of all taxes mean breaking free from the yoke of interest? It would mean that if we had emerged victorious from this colossal struggle. So let us not rejoice too soon; the burdens imposed on us by our enemies will see to that. — In any case, however, we see new horizons on the basis of the very simple analysis we have just undertaken of the example of our Bavarian state budget.

In broad terms, we find very similar circumstances in the other German federal states, and it is no exaggeration to say

It has been said that the surpluses generated by the state-run enterprises – that is, the railways, the postal service, the telegraph service, forestry, mining, and so on – could easily cover all state expenditure on the entire administration of justice, on the entire internal administration (including public buildings), and all expenditure on education and training, as well as on cultural purposes. In short, a truly ideal situation. Why is this not the case? Interest has crept in. Because of interest payments, foodstuffs become more expensive for the population; because of interest, sugar and salt, beer and wine, matches and tobacco, and countless other everyday necessities are subject to indirect taxes. Because of interest, direct taxes must be levied: property taxes, which are passed on to consumers through higher grain prices; property taxes, which drive up rents; business rates, which burden productive labour; income tax, which, as it cannot be passed on, depresses the standard of living of civil servants and those on fixed salaries; and finally, at the very end – modest in giving, insatiable in taking – comes loan capital with its capital gains tax. Out of 253 million in capital income collected in Bavaria, based on the tax returns for the year 1911, a total of 8.1 million was paid in state taxes. We have seen that every capital income, every interest payment, must ultimately be raised exclusively through the labour of the entire population. We have seen that interest payments on the national debt constitute the largest item in our national budget, and we have seen that capital income—taxpayers only make extremely modest contribution to government revenue.

In terms of scale, the capitalist pays only one-eighth to one-sixth of direct taxes, amounting to 8 million out of a total of 60 million in direct taxes. Direct taxes account for approximately one-fifth of total government revenue. Thus, loan capital contributes only about one-thirtieth to one-forty-eighth towards the state's total requirements.

The picture only becomes truly grim when we consider the Reich's budget. Here, the circumstances are in themselves much less favourable. The Reich does not have the same sources of tax revenue as the individual federal states. Direct taxes are reserved for the federal states; the Reich's commercial enterprises are limited to the Reich Post and the Reich Railways (i.e.: excluding the Prussian state railways), and so only customs duties and indirect taxes remain.

The scale of these sources of imperial revenue (see the Statistical Yearbook for the German Empire for 1917 and 1918) in 1915 was as follows: 1 billion from the Imperial Post and Railways, 0.7 billion from customs duties, 1 billion from indirect taxes, 0.8 billion from special revenues (military contributions, registration fees), etc. Here, too, the same picture emerges. More than a third – namely 1.3 billion – was swallowed up in 1915 by interest payments on the Reich debt. Here, too, borrowed capital has once again made its presence felt. Here, too, it draws upon all indirect taxes to satisfy its demands. Sugar accounts for 163 million, salt 61 million, beer 128 million, tobacco, spirits, sparkling wine, lighting materials, fireworks,

playing cards and countless other minor sources of revenue had to be tapped to scrape together a billion, which then flows entirely into the pockets of the capitalists.

Today, even raising the interest on the Reich's debt alone is a mystery. After all, the interest payments on our 100 billion war bond alone swallow up 5 billion. Revenue from the postal service and the railways can scarcely be increased any further. We will hardly be allowed to levy any more customs duties. So all that remains is either a fivefold or tenfold increase in indirect taxes — an impossibility — or the clear realisation that only by breaking free from the bondage of interest can we be saved. A monstrous self-deception was the entire war bond system. The German people have borrowed 100 billion from themselves for their war. They have promised themselves 5 billion in interest; they must therefore pay 5 billion in taxes. The only one to benefit is the big capitalist, who receives so much capital income that he cannot possibly spend it all; after all, as we have seen, the capital gains tax takes only a very modest percentage from him.

I hope that, by outlining the broad lines of my argument, I have already allayed the perfectly understandable alarm felt by many readers at the prospect of losing the interest income from their fine securities. Let me briefly illustrate with an example that the entire interest-based economy is a great self-deception; in doing so, I shall take as my upper limit the income circumstances of the middle class. Suppose that the earned income of a head of household is 10,000 marks,

Add to that 5,000 marks from capital annuities; from this, approximately 1,500 marks must first be paid in direct taxes; furthermore, at least 1,000
–1,200 marks will have to be deducted for the perpetual cost of rent; a further 1,000 marks may be eaten up by the indirect taxes on a family of five or six, and it is already clear that, even under the favourable tax conditions of earlier years, not much was left of the handsome capital income of small and medium-sized capitalists. Today, there can be no question of anything 'being left over' at all; on the contrary, judging by the fantastical tax plans currently on the table, a considerable proportion of earned income is likely to be siphoned off by taxation as well. The situation is, of course, quite different for the big capitalist who, let us say, receives only 1 million in capital income. (There are quite a few such people in Germany today.) This fortunate individual pays, at most, 50–60,000 marks in capital income tax. Nor does he pay any more in indirect taxes than the family man in the previous example. For his household, he can schließlich auch bei der heutigen teuren Zeit mit 40—
He can still live quite comfortably on 50,000 marks. He is left with a tidy sum of 900,000 marks in cash, on which he will receive a further 45,000 marks in interest next year at 5 per cent – and this, by law, at the expense of the working population.

The small pensioner, who lives solely on his interest, would undoubtedly be disadvantaged. If he is fit for work, he would naturally have to resolve to earn an income from employment. In doing so, he would still be in a far

better off than the millions of his fellow citizens who have nothing but their physical or mental labour.

If he does not wish to do so, he must draw down his capital. After all, he will still have 20 years' worth of capital to draw on if, as before, he uses 5 per cent of the interest as a drawdown from now on. For those who are unable to work, or who are weakened by illness or old age, a suitable livelihood must, of course, be ensured through the expansion of social welfare for all sections of the population. It would go far beyond the scope of this essay to examine in detail the personal interests of individual sections of the population. With such a revolutionary demand, personal interests cannot be the issue at all; and yet, when considering the implications of this idea, one will find that the beneficial consequences will ultimately benefit each individual personally once again.

It is precisely in relation to the problem mentioned above – the suspension of interest payments on war bonds – that I have already sought to make it clear that the small investor, that is, all those hundreds of thousands who, through a campaign of promotion for the subscription of war bonds that was even more intense than in America, were persuaded to invest their savings, not only gain nothing from the interest – since they themselves have to pay tax on it – but, under tax legislation tailored to protect big capital, are also forced to contribute to the interest payments on the millions subscribed. I imagine that, quite apart from these highly practical considerations, an appeal to all bondholders concerned for the welfare of their children should be sufficient to accept the

of perpetual interest on the Empire's bonds as something quite natural. What, after all, does the patriot—who gave his fatherland 10,000 marks in its hour of greatest need—actually lose in this case, other than merely an usurious entitlement to receive 50,000 marks in interest alone over a hundred years, without the capital having been diminished in the slightest? His children and grandchildren will have to work for ever just to ensure that this interest can be paid in the first place.

The question of repaying the sums lent can be resolved in various ways. In my brief guiding principles on this issue, which I submitted to the Government of the People's State of Bavaria on 20 November last year, I proposed simply replacing the interest payments with repayment in 20 annual instalments of 5 per cent. I believe I can now put forward an even better proposal, which, given its simplicity, certainly deserves preference: 'The war bonds shall be declared legal tender, with interest payments abolished.' That is the egg of Columbus. The advantage of this measure is, first and foremost, that virtually nobody will notice anything. The bonds will simply remain in the custody account; they just won't produce any 'offspring', any more than a book, a cupboard or any other consumable item that one has lent to a friend.

If you need money, you simply take out a note and pay with it. The war bond certificates ja schließlich also possess just as much aesthetic appeal and face value as our other 10—, 20—, 100— and 1000—Mark notes. From one

There can be no question whatsoever of the market being flooded with means of payment in the event of such a seamless transition from an interest-based economy to an interest-free economy. After all, the war bonds are already all safely kept and stored in bank vaults or other hiding places regarded by the people as theft-proof, such as a woollen stocking or a dung heap. After all, there is no denying the fact that the paper currency issued, amounting to some 40 billion, is not in circulation either, but is, for the most part, hoarded in the manner described above. Even during the pre-war economic boom, our need for means of payment was only around 4–6 billion, and given the increasingly widespread use of cashless payments, there can be no question of us needing more than double that sum today.

In exactly the same way, of course, interest payments on all fixed-income securities must be abolished. For these securities, as well as for dividend-paying shares, the ‘ ’ originally proposed for all securities

‘repayment’ in place of interest payments, particularly in the case of mortgages. Breaking the bondage of interest on mortgages undoubtedly means the solution to the housing problem, liberation from unaffordable rents, Nor is there any reason why the holder of a mortgage should enjoy perpetual interest payments from a sum lent once and for all, why they should be granted a painless and endless flow of wealth, or why the vast majority of a population should be forced to pay high rents year in, year out solely for the sake of this unhealthy interest principle

. It should be noted very briefly that, of course, there can be no question of a complete abolition of rent—interest, since the management and upkeep of buildings constantly require labour and money. A reduction in rents will therefore only be possible to the extent that it arises naturally from the repayment of mortgages.

It is neither possible nor appropriate here to go into detail on the countless questions raised by the implications of this idea. Let us at least mention, as the most important, the question of raising capital in general, the treatment of all mortgage assets, the mortgage system, the issue of banks and bankers, the whole approach of our social policy, and, finally, the complete reorganisation of our financial system resulting from all this.

But one point must be emphasised in the strongest possible terms: that breaking free from the bondage of interest has not the slightest connection with our overall value-creating labour, insofar as it does not in any way hinder the entrepreneurial spirit, productive labour, the production of goods, or the acquisition of wealth; on the contrary, as we have seen, the entire working population is freed from a dull, inexplicable, heavy burden; our spiritual life is cleansed of an intoxicating poison. Just how rightly the significance of the interest problem has been recognised throughout history is evident from the fact that, in all ages and among all peoples, the interest problem has occupied people's minds.

In the Old Testament we find references to this in various places, such as

Leviticus 25 and Deuteronomy 15, provisions regarding interest remissions in

the form that the seventh year was to be a year of remission, or Jubilee, in which all debts owed to fellow countrymen were to be forgiven.

In 594 BC, Solon abolished personal debt bondage by law. This law was known as the Great Seisachtheia.

In ancient Rome, the Lex Gemicia of 332 BC outright prohibited Roman citizens from charging interest at all.

Under Emperor Justinian, a ban on compound interest was enacted, stipulating that no further interest might be charged once the accrued interest had reached the amount of the original capital lent.

In 443, Pope Leo I the Great issued a general ban on charging interest; until then, only members of the clergy had been prohibited from charging interest on a loan. The ban on interest now became part of canon law and a rule binding on laypeople as well. Gradually, secular legislation also aligned itself with canonical views and even made the charging of interest a punishable offence. We find this in the Imperial Police Ordinances of 1500, 1530 and 1577.

However, such laws were widely contested and frequently circumvented, and it may simply be mentioned here, in this very brief historical review, as a remarkable historical fact that, whilst canon law had prohibited Christians from charging interest from the 11th to the 17th century, Jews were permitted to do so.

It would be extremely interesting to investigate which economic excesses in each case at these

violent attempts to shake off these burdens. It would be particularly valuable to see which powers and forces have repeatedly breached the prohibitions on interest.

In the Middle Ages, usurers were often dealt with swiftly; the peasants or the impoverished townspeople would band together and kill them. Today, we have entered a completely different stage in the development of the interest rate problem. Such pogroms are deeply condemned. Nor are we dealing any longer with isolated, locally confined symptoms of a disease that could be combated by excising the source of the infection; rather, we are facing a serious affliction affecting the whole of humanity. It should be particularly emphasised that, in our present-day culture, it is precisely the international nature of economic relations that makes the principle of interest so devastating. This historical review is by no means intended as an analogy for present-day circumstances. When the Babylonians defeated the Assyrians, the Romans the Carthaginians, and the Germanic tribes the Romans, there was no continuation of the bondage of interest; there were no international world powers. Nor were the wars financed by borrowing, but rather with the treasures accumulated during peacetime. David Hume provides a most remarkable account of this in his treatise on public credit. It is only in the modern era, with its continuity of ownership and its international law, that loan capital has risen to exorbitant levels. The penny that was placed on interest at the time of Christ's birth no longer exists, because in the intervening period all property rights have had to give way to force on several occasions; by contrast, the penny that

the old Rothschild placed on interest, and will, provided there is international law, exist for all eternity. It should also be borne in mind that vast swathes of the globe have only in the modern era made the transition from a subsistence economy to a monetary economy; furthermore, that it was not until the 19th century that all restrictions on the charging of interest were abolished (England 1854, Denmark 1856, Belgium 1865, Austria 1868).

We must once and for all break with the notion that loan capital is endowed with a supernatural power – the power to grow eternally out of itself, without any productive labour of its own – and, as explained by the graphs, at an unstoppable, ever-accelerating pace, endowed with a terrifying, draining force. All human products, indeed all earthly things whatsoever, are subject to the eternal law of the world of becoming and passing away. Every thing wears out. Everything ages and eventually crumbles to dust; yet loan capital alone is supposed to be eternal—and not merely eternally unchanging, but eternally growing to immeasurable proportions!

Unreachable by the vicissitudes of the world and the cycle of decay, it is to reign above the clouds, beyond the reach of the laws of transience, beyond the reach of the forces of destruction, beyond the reach of the giant projectiles from our guns that crush towns and villages; — for even if houses and huts, railways and bridges are shattered by shells and sink into dust and ashes: the mortgages remain stand firm, the railway— and the government bonds are not thereby extinguished; for ever must the unfortunate owners of their destroyed

homes; the unfortunate populations of the countries ravaged by the war will forever be enslaved to the interest on the borrowed capital. The Golden International looks on jubilantly at the frenzied goings-on of humanity; the insane destruction wrought by the war, to which villages and towns, entire provinces, have fallen victim, provides the desired opportunity to issue new bonds, until eventually the whole of humanity serves as interest slaves to the Golden International. We are unmistakably touching here upon the deeper roots of the World War.

With this perspective, we have risen far above our narrow national viewpoint. We must therefore still address the question of whether the idea of breaking free from the bondage of interest—which undoubtedly has international significance—is feasible within the framework of our fatherland. The answer to this question must undoubtedly be in the affirmative, if only on the basis of the brief considerations set out in these lines, and even more so because of the insurmountable pressure of the circumstances into which we have been driven. Our financial situation is so fantastically dire that only a measure which at first glance seems fantastical can save us; we will get nowhere with the half-measures planned by our professional tax politicians; we will merely sink ever deeper into debt bondage and stumble into the golden snares laid out by the Entente.

It is clear that, as a people currently powerless both politically and militarily, we can do nothing to counter foreign claims for interest. These interest payments must simply be made until the power of our liberating example has roused the peoples of the world and prompted them, too, to break the shackles

of the Golden International. I am well aware that the preceding lines by no means provide an exhaustive treatment of the problem; for the time being, I merely wished to throw the idea itself into the debate; at any rate, I have endeavoured to anchor the idea at least to such an extent that, in a time of great upheaval, it cannot be swept away by traditional views.

The enormous disproportion between the billion-strong fortunes and the incomes of millions of the working population; the realisation that the damage caused by our capitalist economic system is to be attributed far more to big lending capital than to big industrial capital; the realisation that our entire tax policy was tailored solely to benefit lending capital and, given the current enormous level of debt, must lead to the complete exploitation of the people's labour; finally, the realisation that our system of interest, bonds and taxation is a terrible self-deception may well prompt serious reflection on breaking free from the bondage of interest.

Anyone who continues to consider the proposal in detail should always bear in mind both sides of the equation; what appears on one side as a loss or a shortfall is, on the other, a relief, a gain, an improvement. This idea is, of course, not intended to cater to the whingeing sentiments of people who have set their lives up to live comfortably off their annual interest, although even they may well tell themselves that, despite everything, such a solution to our financial difficulties would make it possible to

greater protection of medium and small fortunes will be possible, even with the planned—and, in our view, absolutely necessary—substantial call upon property. And compared with the senseless upheaval of Russian economic life, the sensible upheaval of our own proposed here will appear to them as the lesser evil.

The idea is to forge a united front of the entire working population—from the propertyless worker, who, as we have seen, is heavily burdened through indirect taxation to satisfy the demands of loan capital, through the entire middle class of civil servants and employees, of the peasantry and small business middle classes , the in form of owners housing misery, land rent, bank interest etc. the feel the merciless tyranny of money, right up to the leading minds, inventors and directors of our major industries, all of whom, without exception, are caught to a greater or lesser extent in the clutches of big lending capital, for whom the primary task in life is always to generate rents, interest and dividends for the financial powers pulling the strings behind the scenes. No less included are all circles of the intelligentsia: artists, writers, actors, scientists and the rest of the members of the liberal professions.

Whether big capital, consciously or instinctively, seeks to conceal the fact of its boundless lust for power—whether as a natural group of individuals or as the personification of the principle of interest—whether our entire legal system, derived from Roman law, that is, the protection of a plutocracy serving rights

However much the resulting case law may have emphasised the protection of property and thereby become ingrained in our people's legal consciousness, the breaking of the bondage to interest must come as the only way out of the impending economic enslavement of the whole world by the Golden International, and as one of the means of expelling the poison of Mammonism with its stagnation and contamination of the mentality of our age.

The Social State

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The old form of government has collapsed. What is to take its place? This is the most important issue for the future; for the democratic-parliamentary monstrosity in Weimar, which lacks any viability, appears to have reached the end of its days following the complete and utter collapse of its policy of illusions. The Entente’s peace terms are the terrible wake-up call that dispels the socialists’ illusions and pipe dreams. Where is Mr Scheidemann’s ‘peace through understanding’? — Where is Mr Erzberger’s ‘economic peace’ — guaranteed to be ready in half an hour (!)?

* Where is the League of Nations, where is Mr Eisner’s world revolution? Where is the workers’ state in which production doubles — where is the higher civilisation
* where is any sign of reconstruction at all?

Weighed and found wanting — such is already the verdict of their own people, of their own contemporaries. History will curse, and curse again, the German revolutionaries who betrayed their people, who, in their short-sighted megalomania, first sucked the belief in victory and the will to win from the very bones of the brave people, and then, with the cowardly courage of an assassin, stabbed the army in the back during its darkest hours in order to seize a power they cannot use. For it is one thing to felling a faltering giant from behind, to uproot a dynasty that has already become alien to the people, and

to uproot a bureaucracy that has lost its living connection with the life of the people — and yet another thing entirely to prove one's revolutionary strength when it comes to instilling new vitality into a mortally wounded people and preparing a new, vibrant state organism. Where is the revolutionary strength of the German revolutionaries? Where is the French, the English, the Italian revolution? Where is the world revolution? — None of their promises have been kept — Messrs Ebert, Scheidemann, Erzberger, Eisner, Hoffmann, and whatever else they may be called, have failed to deliver on any of them. Why? Because they are not guided by a new vision of the state; because, at best, they regard class rule — or, worse still: a parliamentary system of compromise — for a new form of state; because they are so far removed from the true socialist state that they cannot muster the courage to tackle big capital; because they have not yet grasped at all what the First World War was, at its very core, about, namely: the final battle of the international financial powers for their ultimate world domination.

We would do well to ask ourselves: what are the main flaws of the old state that we must avoid? I shall list them:

The irresponsible divine right of the Crown, the fact that the army and navy, as well as the senior civil service, were oriented towards the sovereign ruler. Furthermore, the thoroughly inadequate representation of the people in the parliaments, which, entangled as they were in repugnant party strife, had lost all sense of the nation's interests; and a Social Democracy which seemed to find its sole purpose in inciting the working class against their employers. These were surely the most glaring flaws in the life of the state

our people from collapse. It is therefore our most important task to prevent this major damage. The revolution has thoroughly done away with the excesses of the old form of government: the irresponsible divine right of kings, and the exaggerated and distorted militarism and bureaucracy. But the much more deeply rooted damage—the whole hopeless system of parliamentarism—is in full bloom and, if all signs are to be believed, is preparing to come to terms with the capitalist powers. This would, of course, nullify the sole deeper purpose of the revolution—namely, the liberation of the labouring classes from international economic enslavement by the 'Golden International'—and seal the economic subjugation of productive labour to the usury of the Mammonist powers.

For this reason, the new state must radically turn its back on all the principles of Western democracy. In particular, it must make a fundamental break with the parliamentary system of parties and cliques and, above all, must not mix the political and economic representation of the people within a single parliament, but must provide for a fundamental separation based on a bicameral system. Specifically, the House of the People (as the first chamber) represents the political interests of the people as a whole, whilst the Central Council must represent the economic interests of the working population.

The most important element of this reorganisation is an entirely different electoral system, built on new foundations, which will be set out below.

The House of the People

The welfare of the people is the supreme law, the sole guiding principle for the people's representatives. There can be no question of drawing up guidelines for the highest leadership of the state; these are contained in the above principle.

Of greater importance is the method of electing representatives, which must be structured in a pyramid-like manner on the broadest possible basis and must allow the best candidates to advance to the next higher level.

In the new state, every person has the right to representation. The entirely arbitrary threshold of a minimum age of twenty years is in no way justified, which is why it must be abolished. On the other hand, not every person can act as a voter, even though they have the right to representation.

A voter is therefore someone who can demonstrate that they have been granted, either by law or voluntarily, the mandate to represent at least 5, and generally 10, people. This mandate to represent is limited geographically and is valid only once at the place of the person's main residence; furthermore, each person may designate only one other person to represent them. Let this be explained by means of a practical example:

In a small country town with a population of around 6,000, the electoral roll is to be drawn up. Each individual member of the population is then free to form groups of between 5 and 10 people, entirely at their own discretion. Each family will designate the father or mother, or the adult son or eldest daughter, as their representative and voter; farmhands and maidservants will, in groups of 10, designate the person they deem most suitable as their voter and confirm this with their signatures. The electors thus designated in a municipality—that is, approximately 600 electors out of 6,000 inhabitants—shall assemble on specified days to elect the People's Councillors from among themselves. This, in turn, shall take place in such a way that

groups of ten electors who know one another well come together to designate one from among their number as a People's Councillor. For this actual act of election, in contrast to the previous method of a single election day, a sufficient period of time must be set so that even those who come together in groups purely by chance can get to know one another and discuss matters, in order to designate from among their number the person they deem most suitable. Such an electoral procedure has, first and foremost, the extraordinary advantage over any other general electoral system in that, whilst on the one hand it broadens the basis for popular representation even further than before to encompass all natural persons, on the other hand, it immediately and considerably reduces the circle of actual voters by significantly restricting the privilege of being a voter and, from the outset, excluding those who, on the grounds of age, personal suitability, personal interest and personal trustworthiness, do not qualify as actual voters.

The People's Councillors appointed by the electors constitute the first political instance. Each of them represents 100 people who have placed their trust in them and to whom they are accountable, and with whom they maintain the closest possible contact through the group of 10 electors.

It seems clear that this process ensures a very careful selection. There is little scope for the machinations of ambitious politicians. The relationship of trust between electors and those elected is too close; this also significantly increases the elected representative's sense of responsibility.

These People's Councillors then meet in turn in district assemblies. There they get to know one another, and in turn form groups from , each comprising ten , and , who elect their

People's District Councils. The District Councils constitute the local political representative bodies for the territorially defined districts, in proportion to their population. They have the right to scrutinise government bodies, district offices, etc., and the duty to report any irregularities they discover to the county or government councils. Conversely, they have a duty to inform the People's Councils of all politically significant decrees and government resolutions, thereby fostering political understanding and engagement with the political life of the entire nation amongst their constituents. This People's District Council, which may consist of 60–100 or more district councillors depending on the size of the district, thus represents 1,000 people per councillor, amounting to 60,000–100,000 or more inhabitants. At these district meetings, the district councillors in turn get to know one another better. They must then form groups of ten to elect one of their number as a People's Government Councillor. The People's Government Councillors meet for extended periods in the county towns. They are tasked with representing the political interests of their county and, by analogy, exercise supervisory powers over the government and county authorities. In a similar manner, the People's Government Councillors—each of whom is already supported by 10,000 voters—then elect, in groups of ten, a representative to the Council of People's Delegates. Each of these People's Representatives is thus the direct spokesperson and accountable representative of 100,000 people. Consequently, the Council of People's Representatives in Bavaria would comprise 67 members, corresponding to a population of 6.7 million. This Council of People's Representatives is the highest political authority. It enacts laws and appoints, from among its own members or at its own discretion , from outside its ranks , the or the with

presidents of the people endowed with extraordinary powers, who represent the country both domestically and internationally.

This organic structure of the people's political representation is by no means cumbersome. On the contrary, it is precisely through its natural, down-to-earth nature that it is the true expression of a social community based on mutual trust. However, such an electoral process cannot, as has been the case hitherto, be completed in a single day following a preceding, confusing election campaign. The election and the establishment of this new political representation of the people can only come about slowly and steadily. Many months will pass before the People's Councils, People's District Councils and People's Government Councils are elected. Nevertheless, the electoral process will have to be time-limited. After all, despite the Germans' tendency to go it alone, ten of them will eventually be able to agree on one person from their midst as their suitable representative.

It must be left to each individual reader to think through the structure of the proposal—which is, in itself, very clear and simple—and to form their own clear view of its advantages. Particularly by comparing it with the serious drawbacks of the current electoral system. I do not wish to claim that this proposal will necessarily lead to the selection of the most politically capable minds, but it will certainly result in the elimination of all empty windbags and political charlatans.

The Central Council

As its name suggests, it is the central advisory body for the country's economic interests. It gives voice to the work of the entire working population. It comprises appointed expert representatives of employers and employees from all trades

— and professional groups. It comprises the delegates from the district—

A.B.C. — councils[3]). It is therefore a corporative body, not a political one, but rather a body representing economic interests.

All social classes must be represented on the Central Council, with one representative each from employers and employees within each class. What matters here is not the number of votes, but that each sector can have its say through its representative. The abuse of individual occupational groups must be prevented by the right of veto held by each individual Central Council. Nor can it be the task of the Central Council to issue binding regulations for individual occupational groups, even if it is authorised to do so. Its primary concern is a comprehensive overview of the entire production process, the monitoring of this production, the assessment of demand and, building on this, the regulation of production and its distribution on the basis of the data obtained. Hand in hand with this, a comprehensive system of work organisation and work assessment must be established. Collective agreements, as well as decisions on all matters relating to collective bargaining, also lie within the remit of the Central Council.

The Central Council has emerged from the A.B.C. district councils, which in turn have emerged from the workers', peasants', works', trade and other councils of the individual group enterprises, estates and so on.

Here too, for the sake of simplicity, it is advisable that not every individual should vote, but that representatives from at least five occupational groups should act as the actual voters.

In numerical terms, this gives roughly the following picture for Bavaria.

In 1907, there were 6,794,914 people in employment:

		Men	Women
1.	Agriculture and forestry	324,918	873,030
2.	Industry, including mining and construction	804 837	215,366
3.	Trade and transport, including hospitality and Pubs	4,212,281	145,900
4.	Public sector and liberal professions	145,047	36,324
5.	Varied forms of wage labour	10,569	26,642

We would therefore initially have around 600,000 voters who would elect their workers', peasants', civil servants', industrial, commercial and trade councils, etc., for their district. These districts would be centred on the larger towns and municipalities, insofar as they are the economic hubs of the respective regions. If we assume there are approximately 60 such economic centres in Bavaria, then some 6,000 district A.B.C. councils would be elected across the whole country. In individual districts – for example, in rural districts where there are fewer occupational groups – this number is naturally reduced. These district councils meet in the district towns. There, they do not come together by number but according to their professions, and each appoints one representative to the district A.B.C. council. The district A.B.C. Councils, in turn, meet in the state capital to elect the Central Council, in which each profession and each social class unites on a professional basis and delegates one member to the Central Council. The Central Council is thus elected on a similar basis to that proposed for the People's Representatives.

I.	1. Self-employed farmers	3 Farmers Farm labourers	3	6

	2.	Foresters	1	Timber and Forest workers	1			2
	3.	Gardeners	1	Horticultural workers	1			2
II.	4.	Mining and Metallurgy	1	Miners	1			2
	5.	Quarry owner	1	Quarry worker	1			2
	6.	Brickworks owner	1	Brickworks worker	1			2
	7.	Cement works	1	Cement workers	1			2
	8. — 12.	Metal industry	5	Metalworkers	5			10
	13.	Chemical industry	1	Employees	1	Worker	1	3
	14. — 15.	Textile industry	2	Employees	1	Worker	2	5
	16.	Paper industry	1	Employees	1	Worker	1	3
	17.	Leather industry	1	Employees	1	Worker	1	3
	18.	Wood and protective materials	2	Workers	2			4
	19. — 21.	Food industry	3	Workers	3			6
	22. — 23.	Clothing industry	2	Employees	2	Workers	2	6
	24.	Laundries	1	Workers	1			2
	25. — 26.	Construction industry	3	Employees	2	Workers	3	8
	27.	Printing works	2	Employees	1	Worker	1	4
	28. —	Retail trade	2	Employees	2			4

29							
30.	Restaurateurs	1	Employees	1			2
31.	Theatre	1	Employees	1			2
32.	Music	1	Writers	2	Art	1	3
33.	Transport companies	1	Employees	1			2
34.	Civil servants	2					2
— 36.							
37.	Local authority officials	1					1
38.	additional groups as far as practicable						14
						Councils =	100

The Central Council, as must be repeatedly emphasised, is the expression of the working community of the entire people. Only the best should have a seat and a vote in it. Every profession and every social class should have a voice within it. The closest possible cooperation should have an educational effect in the best sense of the word, and in a social sense, in that it cannot be a matter of representing special advantages for individual occupational groups, but rather of achieving the best possible integration into the whole. These are the general principles for the structure of this council system and its enshrinement in the Constitution.

I believe that these general guidelines for the new constitution leave no doubt that the proposed bicameral system is at all to do the parliamentary systems of Western democracies, which I regard as our greatest misfortune, to to has That House of the People is a reflection of political life; the Central Council is the public expression of the work of the entire people. In both chambers, only the best of the various sections of the population, only the most proven members of the various professions, have their say. I would like to conclude with an analogy intended in particular to show that any state structure cannot really be regarded as a building, but rather as a tree, or a vibrant organic entity. The in our style of expression commonly common comparisons from the construction industry, when we ourselves are involved in the reconstruction of our state, are certainly

misleading; for whilst all comparisons are ultimately more or less flawed, the common comparison of a national constitution with a building overlooks all too much the most essential point of comparison, namely that a nation is an organism, whereas a building is a lifeless structure.

This point becomes very clear when one compares the popular image of the field of rubble that we must now rebuild with that of a demolished house that is to be rebuilt. The house cannot be rebuilt from the rubble. By contrast, a tree, however badly damaged it may be—even if large branches have been torn away or individual roots chopped off—can come back to life. But this renewal must spring from the tree's own inner vitality, just as it must for a people. A sick organism cannot be helped from the outside or with artificial constructs; recovery must come from within. The concern of the new art of statecraft must be to establish the conditions for organic renewal within a new constitution, one which guarantees every individual member of the nation the freest possible development of their personality within the framework of the national community, founded on the clear realisation that this freest development of personality, in the aristocratic sense, finds its natural, organic limit in the higher interests of the social national community.

The Manifesto for Breaking the Bondage of Interest First printed in 1919, Joseph C. Huber's Publishing House, Diessen near Munich

Mammonism is the grave, all-encompassing and rampant disease from which our modern cultural world—indeed, the whole of humanity—suffers. It is like a devastating plague, like a corrosive poison that has gripped the peoples of the world.

By 'Mammonism' we mean:

> on the one hand, the international financial powers – the supranational financial authority that towers above all peoples' right to self-determination, international big business, the so-called 'Golden International'; on the other hand, a mindset that has taken hold of the broadest sections of the population; the insatiable greed for profit, the outlook on life focused purely on the here and now, which has already led to a terrifying decline in all moral standards and is bound to lead to further decline.

This mindset is embodied and taken to extremes in the international plutocracy.

The main source of power for Mammonism is the effortless — and endless — flow of wealth created by interest.

From the thoroughly immoral concept of interest on loans, the 'Golden International' was born. The intellectual and

moral condition has led to the appalling moral decay of a section of the bourgeoisie.

Interest is the diabolical invention of big lending capital; interest alone enables the idle, drone-like existence of a minority of the wealthy at the expense of the working peoples and their labour; it has led to deep, unbridgeable divisions and class hatred, from which civil war and fratricidal conflict have arisen.

There is but one remedy, the radical remedy for the recovery of suffering humanity:

the breaking of the bondage of interest imposed by money.

Breaking the bondage of interest imposed by money means the only possible and definitive liberation of productive labour from the secret, supranational financial powers.

Breaking the bondage of interest means restoring free individuality, liberating humankind from enslavement, from the spell in which its soul has been ensnared by Mammonism. Anyone who wishes to combat capitalism must break the bondage of interest.

Where must the breaking of the bondage of interest begin?

With loan capital! Why?

Because loan capital is so overwhelmingly dominant in relation to all large-scale industrial capital that the great financial powers

can only be effectively combated by breaking the bondage to interest imposed by loan capital; the ratio of loan capital to large-scale industrial capital is 20:1. Every year, the German people must raise over 12 billion in interest on loan capital in the form of direct and indirect taxes, rent and the rising cost of living, whilst even during the boom years of the war, the total sum of all dividends distributed by German public limited companies amounted to only 1 billion.

The avalanche-like growth of loan capital, fuelled by a perpetual, endless and effortless inflow of wealth from interest and compound interest, defies all human calculation.

What blessings, then, does the breaking of the bondage of interest bring to the working people of Germany, to the proletariat of all countries on earth?

Breaking free from the bondage of interest gives us the opportunity to work towards the abolition of all direct and indirect taxes. Hear this, you value-creating people of all countries, all states and continents: all state revenues flowing from direct and indirect sources flow entirely into the pockets of big lending capital.

The revenues generated by the state-run enterprises engaged in commercial activities, such as the postal service, telegraph, telephone, railways, mines, forestry, etc., are entirely sufficient to cover all the necessary

state functions relating to education, training, the administration of justice, public administration and social welfare.

Therefore: true socialism will not bring any benefit to humanity as long as the revenues from public-sector enterprises remain subject to tribute to big finance.

We therefore demand the following, first as a fundamental law of the state for the German peoples, and subsequently as a fundamental law for all those brother nations which wish to enter into a cultural community with us within a League of Nations:

§ 1. War bonds and all other debt instruments of the German Reich, as well as all other debt instruments of the German federal states—in particular railway bonds—and, furthermore, the debentures of all local authorities shall, with the obligation to pay interest being abolished, be declared legal tender at their face value or converted into bank deposits.

§ 2. In the case of all other fixed-interest securities, mortgage bonds, industrial bonds, mortgages, etc., the obligation to pay interest shall be replaced by an obligation to repay the principal; after 20 or 25 years, depending on the rate of interest, the borrowed capital shall thus be repaid and the debt extinguished.

§ 3. All property-related debts, mortgages, etc. shall be repaid in instalments as before, in accordance with the encumbrances entered in the land register. The property and land assets thus freed from debt

shall become the property of the State or the local authority on a pro rata basis. In this way, the State is placed in a position to determine and reduce rents.

§ 4. The entire monetary system is subject to the Central State Treasury. All private banks, as well as the postal cheque offices, savings banks and credit cooperatives are affiliated as branch operations.

§ 5. All real estate loans shall be granted exclusively by the State Bank; personal and commercial loans shall be left to private bankers subject to a State licence. This licence shall be granted taking into account the question of need and subject to a prohibition on the establishment of branches in certain districts. The schedule of fees shall be set by the State.

§ 6. Dividend-bearing securities are repaid in the same manner as fixed-income securities, in annual instalments of 5 per cent. Any surplus profits are paid out in part to shareholders as compensation for 'risked' capital (as opposed to fixed-income and government-guaranteed securities), whilst the remaining surplus is either distributed for social purposes or used to subsidise the prices of products.

§ 7. For all persons who, for physical reasons (advanced age, illness, physical or mental incapacity to work, great youth) are unable to

are unable to earn a living, the existing interest income – which may even have been increased – from existing capital assets shall continue to be paid as a life annuity in return for the surrender of the securities.

§ 8. In the interests of reducing the current inflation caused by the money supply, a general, heavily graduated confiscation of assets shall be carried out, to be settled in war bonds or other debt instruments of the Reich or the states. These securities shall be destroyed.

§ 9. Through the most intensive public education, it must be made clear to the people that money is nothing other than, and must be nothing other than, a token of work performed; that every highly developed economy does indeed require money as a medium of exchange, but that this also fulfils the function of money, and that under no circumstances can interest confer upon money a supernatural power to grow of its own accord at the expense of productive labour.

Why have we not yet achieved all this, which is so self-evident, which must be described as the 'Egg of Columbus' for the social question?

Because, in our Mammon-induced delusion, we have forgotten how to see clearly that the doctrine of the sanctity of interest is a monstrous self-deception, that the gospel of interest as the sole path to salvation has entangled our entire thinking in the golden webs of the international plutocracy . Because we have forgotten and

are deliberately kept in the dark by the all-powerful financial forces about the fact that (with the exception of a few financial magnates) the interest that is supposedly so wonderful and so beloved by the thoughtless is entirely consumed by taxes. Our entire tax legislation is, and will remain – as long as we are not freed from the bondage of interest – merely a tribute to big capital, and not, as we sometimes imagine, a voluntary sacrifice for the realisation of collective endeavour.

That is why liberation from the bondage of interest is the clear slogan for the true world revolution: for the liberation of productive labour from the shackles of supra-state monetary powers.

Re § 1. It is absolutely essential that all state and local authority debt securities be treated in the same way, as this is the only way to implement a uniform and generous regulation of our entire monetary system in tandem with the breaking of the bondage of interest.

Re § 2. It is clear, for the simple reason that an absurd surge in the value of these securities must not be allowed to occur, that the abolition of interest servitude must be carried out simultaneously for all other fixed-interest securities; this would, of course, occur if only government securities were declared interest-free. The repayment of the debt as such would be effected through annual repayment to , whereby

would result in the steady and even repayment of the debt on all encumbered properties.

Regarding § 3. This paragraph is closely linked to the preceding ones, as well as to the nationalisation of real estate credit required in § 5. The farmer or homeowner burdened with a mortgage continues to pay the amount he previously had to pay to the creditor, but no longer as perpetual interest, rather as repayment. After 20, 25 or 30 years, depending on the previous interest rate, the land and property will thus be debt-free. For its part, the mortgage bank can, of course, only continue to pay the corresponding mortgage bond interest to mortgage bond holders during this period. Hand in hand with this debt relief comes the community's right of ownership over the property released from mortgages debt-free property. This would need to be preceded by a general housing or property register, for even debt-free property ownership naturally carries the right to repayment of the capital invested, as well as a permanent entitlement to that portion of the rent which is required to cover all costs, expenses, etc. associated with property ownership, and to appropriate compensation for personal effort expended.

Re: Sections 4 and 5. These sections call for the socialisation of the entire monetary system. Money is a token of work performed, issued solely and exclusively by a state community. The issuance of currency is one of the state's fundamental sovereign rights. Counterfeiting state currency is subject to the most severe penalties; it is therefore an absolutely imperative social requirement to place the monetary system under the control of the community as a whole. The labour output of the community as a whole is the sole basis of currency, and it is precisely the failure to recognise this fundamental fact that has led to the neglect of our public finances and to the complete anarchy of the monetary system as a whole. The proposal in § 5 to entrust personal and commodity credit to private bankers represents a profound disruption to the entire credit system. For the state credit system as well as for the municipal system, and also for real credit, the struggle to break the bondage of interest must be pursued with the utmost consistency and vigour, because it is the indispensable prerequisite for the social state itself. The situation is different with regard to personal credit. In principle, we also demand that personal credit be interest-free, but this demand no longer carries the same immense and fundamental significance. We recall the 250 billion in fixed-rate

Loan capital as opposed to just 12 billion in dividend-bearing securities. All such loans, shares, share certificates, investment certificates, equity interests, etc. constitute risk capital. The return on this capital depends on the diligence and competence of those to whom the money has been entrusted. This is where the elements of risk, the danger of loss and personal trust come into play. Consequently, a certain form of compensation of a special nature still appears indispensable. The holder of shares, etc., receives no compensation or profit whatsoever if the company to which he has entrusted his money makes no profit. He loses his money entirely if the company goes bankrupt. The situation is different, for example, for the holder of bonds issued by the Imperial Railways. The Imperial Railways of Alsace–Lorraine are liable for his loss completely . Nevertheless, the holder of railway bonds continues to receive interest. From whom? From the taxes paid by the general public. However large the deficit of the railways may be—as was the case in Prussia and Bavaria last year—the bondholders still receive their interest. From whom? From the labour and consumption of the working population. One need only make this fundamental difference quite clear to oneself — in order to finally recognise where

the vampire is feeding on the labour of the people. Thus, personal credit should be left to, or rather returned to, the personal discretion of private banks. The personal creditworthiness of the borrower, which the banker knows personally, should once again be the decisive factor for personal credit. The fees set by the state will regulate themselves in line with the liquidity that is already emerging as a result of the breaking of the bondage of interest.

Re § 6. The principles set out in Section 5 also apply to dividend-bearing securities in particular. In the interests of the social community, however, it must be required that also for the large industrial enterprises — in order to bring about, here too, a reduction in the debt of individual industrial plants towards those who are merely financiers. For, in fact, what we have observed in the case of large-scale loan capital vis-à-vis entire nations is repeated here on a smaller scale. Here, too, the capitalist exploits the worker, the foreman, the engineer and the entrepreneur, quite uniformly, for the primary compulsion is the need to earn dividends. But only when we reach the stage where industrial and commercial enterprises are freed from the eternal usurer will the

way is opened for the reduction of prices and the cost of manufactured goods, and for the channelling and distribution of surplus value—partly to the community, partly to the workers, the managerial staff and the board of directors of the individual enterprises—that is, to those who alone truly produce goods and create value.

Re § 7. This section naturally also covers the entire field of insurance, which can be structured analogously on an interest-free basis. The premiums paid in cannot grow through the addition of interest; instead, insurance companies become savings banks, meaning that the insurance risk and the insurance benefit are preserved. The state must bear the cost of this.

Never before has an idea been able to gain acceptance without opposition, least of all an idea that so radically breaks with the traditional views on the sanctity and inviolability of interest. In the objections that have been raised and those that are to be expected, a twofold pattern can always be observed. Firstly, we must examine: to what extent do the objections raised constitute a deliberate distortion of the idea of breaking the bondage of interest? Secondly: how should we respond to all honest and objective concerns?

The most common objection is the assertion: 'Without a rate of interest, no one will lend their money.'

We no longer want anyone to lend out their money at all. Credit was the ruse, the trap into which our economy has fallen, and in which it is now helplessly entangled. — If the people really do urgently require larger sums of capital, they shall borrow the necessary funds interest-free from the Central State Treasury, subject to repayment, and, if necessary, issue new banknotes. — Why on earth should it issue interest-bearing notes?! Whether interest-bearing or interest-free paper — it makes no difference! Behind it all lies solely the labour and tax-paying capacity of the people. Why burden every state expenditure from the outset with the leaden weight of perpetual interest?!

Yes, but how is the state to fulfil its cultural obligations towards the general public? It must have money, after all, and can only meet this task by issuing bonds in return for interest payments.

This assertion is based on a purely mammonistic line of reasoning. Having read the Manifesto thoroughly, it is clear that it is deliberately designed to mislead. For, firstly, we have demonstrated that all the state's cultural and social responsibilities can easily be covered by the profits from state-run enterprises—such as the postal service, railways, mines, forests, etc.—once the yoke of interest has been broken. Secondly, the sovereign people's state has the power at any time to issue interest-free securities in place of the interest-bearing securities—which are the norm in the Mammonist state—for specific cultural levies, in order to

Concerns. There is absolutely no reason why the State should make specific infrastructure projects—such as railway, canal and hydroelectric power schemes—unnecessarily more expensive by offering a perpetual promise of interest. If it cannot cover the construction costs etc. from the current revenues of its commercial state-owned enterprises, there is no apparent reason why the State should not issue the money itself; after all, the sovereign people must foot the bill by recognising this very money as a means of payment. — But why should the people, with all their labour and tax-paying power, back yet another scrap of paper (the interest-bearing bond), which imposes on the people as a whole nothing but a perpetual interest obligation in favour of the capitalist?! So away with this obsession from the mammonistic state!

The capitalists will then simply hoard the paper notes issued and pile up paper money.

There are two arguments against this. Firstly, the requirement that the mere possession of money should be unproductive would then be fulfilled of its own accord; in other words, the breaking of the bondage to interest would be undertaken voluntarily by the capitalists; for if the capitalist hoards his paper notes in heaps, he of his own accord forgoes interest. Secondly, the capitalist's fear for his money speaks against it. One need only imagine the sleepless nights of the paper-money hoarder who keeps large sums of money stashed away at home and constantly fears that his possessions might be stolen by thieves, robbers, burglars,

He would have to face the threat of house searches, fire and flooding. I am convinced that the honest man would not have been able to cope with such upheavals for long and would very soon find his way to the State Bank. The State Bank issues a certificate and is now liable for the principal, but not for any interest. Moreover, a third option remains open to everyone: namely, to put their money to work, to create value and produce goods, to participate in industrial ventures, to make their lives ever richer and more beautiful, to support the arts and sciences – in short, to put their money to good use whilst turning their backs on the cult of Mammon.

It may, however, be the case that there is an urgent need for private capital for certain purposes, for example, to test inventions or to help young, capable craftspeople and businesspeople set up their own businesses, etc.

To begin with, this has absolutely nothing to do with breaking the bondage of interest! For, firstly, one must logically assume that the capitalist, who, following the breaking of the bondage of interest, no longer has the opportunity to invest his funds in a foolproof manner and to speculate on meagre interest income, will be far more inclined than before to risk his money for such purposes; thus, a shortage or need in this regard will arise far less frequently than hitherto. Or have we not, on the contrary, heard time and again , , , the complaint from the most capable businesspeople and the cleverest inventors, , about how difficult it is to obtain money for such purposes from the

mammonistic state to obtain money for such purposes if a 'pension' could not be guaranteed? Secondly, it must be the task of the future state to help every capable individual to progress through generous support. There have already been some initial steps in this direction in the old bureaucratic state, but they were so narrow-minded that, in most cases, the vexatious regulations associated with the granting of state support resulted in discouragement and disillusionment rather than a sense of entitlement. Thirdly, it should be noted that an enormous amount could be achieved by making several million available. The enthusiasm for work, diligence and tenacity of German inventors, engineers, craftsmen and so on are so great that, through the state's right to a share in the proceeds of successful inventions, the expenditure incurred would most likely be amply recouped. (Take England as an example.)

Breaking free from the bondage of interest leads inevitably leads to the depletion of one's assets.

This is certainly true of those who have organised their lives around living off the interest on their capital and cannot bring themselves to work; at an annual rate of 5 per cent, they will have completely exhausted their assets in 20 years. But that is perfectly all right! After all, our aim is precisely to break free from the bondage of interest; we want to put an end to the notion that living off an annuity is the highest ideal for a citizen. — We want to put an end to this Mammon-driven stagnation; we will no longer tolerate a situation where one person, where

many can live a comfortable life indefinitely solely on their interest income—that is to say, at the expense of others.

But it is not true that breaking the bondage of interest must lead to the abolition and depletion of wealth. On the contrary. Breaking the bondage of interest promotes the accumulation of wealth on the basis of value-creating and goods-producing labour, freed from and relieved of perpetual interest payments. Breaking free from the bondage of interest leads to a far-reaching reduction in the cost of living; it relieves us of the excessive tax burden, so that in future every working person will have greater opportunities to save than before. The productive and value-creating economic activity of industry, trade and commerce is in no way hindered by the breaking of the bondage of interest; on the contrary, it is promoted as much as possible.

What benefit does the worker derive from the fact that capitalists no longer receive interest?

This question really ought not to have arisen in the first place! Firstly, it has always been the workers' battle cry that the capitalists exploit the workers; secondly, it is precisely the workers who, through indirect taxes, are called upon to a very large extent to pay the interest on loans.

Family ties are weakened and torn apart when one cannot leave an inheritance to one's children.

Generally speaking, I believe that money has little or nothing to do with family values. Or have you ever heard that the children of wealthy people are more attached to their parents than those of poor people? Or that rich parents love their children more than those of modest means? What is more important for children: that their parents provide them with the best possible upbringing and ensure they learn a useful trade, raising them to be hard-working, healthy and courageous people; or that they leave them as large a purse as possible? In particular, there is no doubt that a legitimate endeavour to secure children's future financially must be recognised.

This endeavour – that is, parents' instinctive care for their children – will in no way be adversely affected by breaking free from the bondage of interest. On the contrary. The scope for saving will increase once our economy is freed from the all-encompassing pressure of the bondage of interest. I cannot repeat this often enough: the interest paid on small and medium-sized fortunes is a sham, a form of self-deception, a going round in circles, because all medium and small fortunes are in fact deprived of any real benefit through the roundabout route of direct and indirect taxes, rent, and so on. But, diabolically enough, big lending capital has spread and proclaimed the belief in the sanctity and inviolability of interest throughout the world via the press devoted to it. It allows everyone to seemingly share in the pleasant, intoxicating enjoyment of interest,

in order to lull the guilty conscience that must inevitably be associated with the idle, unearned enjoyment of interest, and to recruit comrades-in-arms when it comes to defending this supreme good of Mammonism.

The civil servant, the statesman, will say: 'The state cannot renege on the commitment it has once made to its creditors.'

What does 'obligations' mean? Is it perhaps moral to enter into obligations when the state must know in advance that it can only fulfil them if it recoups the interest from the creditors, in exactly the same amount, through direct and indirect taxation? Where is the morality in that?! Or is it not perhaps more honest to admit: 'I can only pay the interest if I collect just as much in taxes — but I absolutely had to have money back then during the war, and that is why I pulled off the scam with the war bond. Forgive me, dear people, after all it was for your sake, and now let's stop playing hide-and-seek: I, the State, do not pay any interest, and you, the taxpayer, do not need to pay any tax for the interest – that simplifies our affairs considerably. We'll do away with the enormous tax apparatus and likewise the extraordinary interest-service apparatus. Isn't that right? A deal, then? And you, Mr Scheidemann, next time don't put your name on every advertising pillar as State Secretary of the old, compromised government alongside

those ridiculous statements regarding the security and inviolability of the war bonds. You are only compromising yourself. The sole beneficiary of this whole charade is, after all, big lending capital.

The financial policy-maker and banking expert will declare it impossible to break free from the bondage of interest payments on war bonds and national debt, because this would be tantamount to national bankruptcy.

If you'll excuse me — according to your speeches, we are already in national bankruptcy, or are bound to be. However, a public declaration of national bankruptcy would be the greatest folly we could commit; it would not only highlight the actual incompetence of the current rulers but also bring about the premature historical confirmation of that incompetence.

Why on earth declare bankruptcy if I've simply moved my 3 marks from my right trouser pocket to my left? Surely I don't have to declare the right trouser pocket bankrupt just because of that!

It was no different with the war bond! The Reich took the first real billions from the people's pockets, then the funds flowed back; then came the new loan, and once again the money poured back; once more the pump came and sucked up the billions, and once again they ebbed away, until, happily, after the game had been repeated nine times, the state had 100 billion debts . In return the people

100 billion beautifully printed pieces of paper in their hands. First of all

It fancied itself to have become so-and-so much richer, then the state came along and said: ‘It’s appalling, I’m 100 billion in debt and on the brink of bankruptcy.’ — Well, why on earth? That’s just self-deception! I myself can never go bankrupt, no matter how often I shift my money from one pocket to another. So we can rest assured about state bankruptcy as far as our internal war bond debts are concerned. That is why we really do not need to declare state bankruptcy, and we can truly spare ourselves the enormous effort involved in dealing with those silly interest payments and the huge, but even sillier, taxes. Let’s finally free ourselves from having to look after the affairs of big lending capital! Only big lending capital benefits from this bond–interest–tax scam, because it’s left with a tidy sum of money, and this surplus is paid by the working people in the form of indirect taxes; the small and medium-sized capitalists, however, simply go round in circles.

The global economic policy-maker says: ‘It is not possible for us in Germany alone to break free from the yoke of interest rates; this must be done at an international level, otherwise we will lose all credibility, capital will flow out, and we will still have to meet our interest obligations to other countries.’

This is the most difficult issue, because it places us in a relationship of interdependence with the rest of the world. However, there are two sides to the matter. On the one hand, the idea of breaking

interest servitude is the battle cry of all productive peoples against the international interest servitude of money; and secondly, it is the radical remedy for our domestic financial crisis. But there is really no reason not to make use of a remedy simply because our neighbour, who is just as ill, is not applying it at the same time. It would be sheer folly if we in Germany were to continue spinning round in this mad circle, paying taxes and interest, when we have clearly recognised that this absurd activity benefits only the big capitalists. Let us lead the way with our liberating example; let us free ourselves from the bondage of interest, and we shall soon see that the power of this victorious, liberating idea will prompt the peoples of the world to follow us. I am even convinced that our beginning — provided it is not suppressed by the German Mammonists — will, with irresistible inevitability, sweep the other peoples along with it.

The Spartacist says: The whole idea amounts to nothing more than a protection of capital; things will then remain as they were: the poor have nothing, and the rich remain.

Yes, my friend, it is very difficult indeed to engage with you if you are truly a communist in the depths of your soul – that is, if you genuinely want 'everything to belong to everyone' – especially when you are familiar with and endorse the actual ideas of the great Bolshevik leaders in Russia, particularly Lenin's, and thus consider those

Lenin described as the Soviet Republic's next tasks – 'general accounting and control of all production and distribution' – to be feasible for human beings. But if you are quite clear in your mind that this task, if at all, can only be carried out in the most appalling police state, and you still remain, in the depths of your heart, a convinced communist, then let us not argue any further; we simply do not see eye to eye, we speak different languages, and the future will decide where salvation lies: whether in the straitjacket state, which in the end can emerge solely from the Bolshevik chaos, or in the new state I hope for, with a national economy freed from the bondage of interest. But if, deep down in your communist soul — where you are honest — you still find thoughts, still find a longing for a wife and child, for a human soul closer to you than an Eskimo or a Zulu, if, whilst doing the factory work ordered by the Soviet leader, you think that it would be nice after all to own your own little cottage, a little patch of garden of your own, if, deep down in your soul, you simply cannot find any real satisfaction in the idea that, like a dog on the street, you are entitled to take any female dog that happens to cross your path— that is to say: a woman; if you merely think of saving a little of your wages, which would then belong to you alone: then you are no longer a communist; then you have you already in your heart with your so loudly

If you have broken with the proclaimed slogan: 'Everything belongs to everyone', then you simply do not want everything to belong to everyone; you want what you desire – a wife, a child, a house, a farm, your savings, whether you already have them or are merely hoping to acquire them – to belong to you alone. And you see, my friend, if you harbour even the slightest inner doubt that you would not be entirely indifferent were the next person to come along and simply take your savings away from you in the name of 'everyone', bring you another child and take yours away, because all children belong to 'everyone': then, my friend, we are no longer talking at cross-purposes; then I may well ask you to consider the following thought: whether the communist message that everything should belong to everyone must not, after all, spell the end of all civilisation; whether the absence of any concept of property must not, by inevitable logic, reduce human beings to the level of animals.

If everything belongs to everyone, if, in the best-case scenario, control and accountability for the entire public production and distribution system could be enforced in the spirit of Lenin, then the result, at best, would be an ant colony. But then we might as well do without language, surrender our souls and our thoughts; we could carry out our forced labour in silence and by instinct. That would be the end of humanity.

But enough now, my friend Spartacus. Let this fundamental consideration pass quite thoroughly through your mind and heart! A more detailed answer to your question will emerge

arise during discussions with the other parties.

And now, comrades of both socialist factions, Moderates and Independents!

I cannot imagine that you could raise any serious objections or counter-arguments against breaking the yoke of interest, and yet I must engage in a fundamental debate with you, with the entire socialist body of thought, from Marx right through to the current leaders Ebert, Scheidemann, Kautsky and so on.

1. The socialist aim – the advancement of the working class – is an idea that is bound to triumph; on that point we are in agreement.
2. The paths taken to achieve this great goal are almost entirely wrong, because they
3. are based on false premises.
4. The socialist concept of the state inevitably leads to communism, and thus to decline.
5. However, because social democracy has a different aim – the advancement of the working class, indeed of the entire working population – it now faces a terrible internal conflict: the logical consequences of Marxism lead directly to the very opposite of what is the practical aim of the labour movement.

6. This internal conflict gives rise to public uncertainty regarding the government's leadership.
7. A clear line must be drawn against Spartacus and Bolshevik communism for the sake of the great practical goal (the advancement of the working class), and their methods must be combated with all one's might. But trade-union-organised social democracy feels powerless today in the face of these radical groups, because it has adopted Marxist thinking as a guiding principle, and because, logically, all Marxist lines of thought lead to communism.

Well, the evidence in Point 2 shows that the paths taken by social democracy are almost entirely wrong.

The widespread incitement to hatred has led to a deep division within the population of their own nation; the repeated vilification of employers of all kinds – indeed, of every bourgeois profession – as exploiters and bloodsuckers preying on the manual labourer, who is supposedly the sole worker, has led to unjustified bitterness and also to the arrogance of the working class, which is logically expressed in the demand for the 'dictatorship of the proletariat' (Communist Manifesto). The most fundamental demand

of the Erfurt Programme — the transfer of the means of production from private ownership to the ownership and operation of the community — has today crystallised in the cry for 'socialisation'.

It is perfectly clear to every honest politician that full socialisation would mean our economic ruin and the complete bankruptcy of the state. But no one dares to admit this openly and frankly to the people.

The slogan now should be not 'socialisation' but 'de-socialisation'. Thus, through fantastical tax schemes, attempts are being made to compensate for the obvious failures of any form of socialisation and, in this way, to expropriate the expropriators for a second time. All this, however, amounts to nothing other than consigning the entire national economy to utter ruin. Instead of an increase (let alone a doubling of production, as the entire socialist literature promised for the post-revolutionary era), the exact opposite has occurred. The worst thing, however, would be if the current socialist government were to consider taking out large foreign loans. This would not only seal our economic decline; we would also place ourselves completely and irrevocably in the debt bondage of the Entente, from which there would be no turning back.

The fundamental flaw, the fundamental error upon which this entire chain of conclusions, demands and promises to the people is based is is the false attitude towards the

industrial and loan capital. The Communist Manifesto, the Erfurt Programme, Marx, Engels, Lassalle and Kautsky failed to recognise the profound difference between industrial capital and loan capital.

On this point, the entire Social Democratic movement must change its thinking; this fundamental error must be clearly recognised and frankly admitted, without any half-measures. But then one must also ruthlessly draw the only possible conclusions. These, however, entail a radical departure from the senseless – because entirely misguided – railing against industry and against employers; workers and employers belong together; they share the same goal: work and production, for without production, without work, there is no life, no culture, no progress and no upward mobility. The differences that are self-evident – and inevitable amongst people, precisely because they are human – are far less important than the great common interest shared by employers and employees. These differences can be, and have been, resolved to the mutual satisfaction of both parties through collective agreements and workplace organisation.

However, we do not wish to pursue these issues any further, as they are secondary within the framework of our consideration of the major political trends; we shall merely reiterate that the interests of the entire working class are perfectly aligned with those of our national industry and our national economy.

Anyone who teaches otherwise and emphasises the differences between employers and employees as more important is acting irresponsibly, particularly towards the workers themselves, for in doing so they are laying the axe to the roots of the tree that nourishes and sustains the working class.

But that is precisely what social democracy has done, and in so doing it has incurred an eternal debt to the German working class; in so doing it has brought unspeakable misery upon our people, because it cannot keep any of its promises, because it cannot bring us the peace of mutual understanding, because it cannot create jobs for us, because it must once again establish an armed force, because it cannot manage without the civil service, because it must impose compulsory labour service, because no one can live under a system of universal, equal and direct suffrage for men and women over the age of 20, because chaotic conditions are bound to arise without state-guaranteed security of person and property, and because no organised state life is possible without the integration and subordination of the individual into society.

Thus a deep, despairing wave of disillusionment sweeps through the entire population, and whilst the individuals are still far from clear about this, ministers, MPs and people's representatives merrily continue to lie to one another, claiming that the 'achievements of the revolution' must be protected from the 'reaction'; both terms,

about which no honest statesman could clearly explain to the people what he actually means by them.

The negative consequences of the Revolution – the overthrow of a number of obsolete dynasties, the dismissal of officers, the abolition of the nobility, the disbandment of the army; in short, the 'great upheaval' is still not 'achievement'. And reaction?! The swept-away, rotten divine right of kings has nowhere amongst the whole people sufficient moral support to bring about any powerful action; the bourgeoisie, insofar as it consists of the real bourgeoisie, is far too cowardly, far too morally corrupt, to rouse itself against the class-conscious working class; so the working class need not fear any dynastic or bourgeois reaction.

But the people's deep disappointment with the so-called achievements of the revolution— , that is, with the absence of any real improvement in the people's situation—is the great danger; this disappointment is leading vast masses to drift ever further to the left, where the promises made so far are far exceeded—or rather, undercut.

After all, one can no longer promise 'everything to everyone'. And that is sheer madness; but every idea, every phenomenon, every activity, when taken to extremes and exaggerated to the utmost, ultimately becomes madness and then turns into its opposite. So it is with the communist idea that 'everything should belong to everyone'

, for this ultimately ends and culminates in everyone having—nothing. Hunger, despair, misery, disease and hardship have taken hold in Russia; the people have lost the last remnants of their courage and zest for life.

I repeat: the colossal fundamental error in socialist thought is ultimately attributable to a failure to recognise the profound difference in nature between industrial capital and loan capital. Interest-devouring loan capital is the scourge of humanity; it is the ceaseless and endless growth of large-scale loan capital that leads to the exploitation of peoples, not the productive, goods-producing industrial working capital.

I cannot fail to examine here the question of why this fundamental difference has not been recognised: Whether it has truly not been recognised, or whether it has perhaps even been obscured in favour of big capital; whether the leaders and advocates in the struggle against capitalism, whether the authors of the Communist Manifesto and the Erfurt Programme, and the current leaders, have always proceeded with the necessary diligence.

It is the hardest and most distressing thing to cast doubt on another's unconditional honesty and conviction; the more carefully one oneself searches for the reasons and connections behind the phenomena of life, the harder this becomes. I therefore do not wish to provide any answers to these questions myself, but merely to point out the major, obscure

connections, by referring to a saying by Disraeli, the great English Prime Minister Lord Beaconsfield. In his novel *Endymion*, he writes:

> 'No one may treat the principle of race, the question of race, with indifference. It is the key to world history. And the sole reason why history is so often so confused is that it has been written by people who were ignorant of the question of race, and equally ignorant of the factors associated with it.'

The Citizen: By breaking the bondage of interest, the spirit of thrift is destroyed, and people end up in the workhouse.

The claim that the breaking of the bondage of interest has a general influence on the propensity to save must be decisively rejected . The propensity to save has just as little as , for example.

Waste with current economic views somethi to . thrift and ng

a penchant for waste are human traits that are either present or absent, quite regardless of whether an era preaches the idea of interest or frowns upon it.

In times of transition, one may well observe an increase or a decrease in the propensity to save. In this particular case, however, I am inclined to believe that a sensible, economically-minded person will say to themselves: 'I can no longer count on being able to live solely on my interest in the future. But I want to live in my later years, and I want my children to do so too.'

leave something behind, so I need to save more now. This effect must, in my viewbe rejection of the yoke of usury must be extended to the majority of people, for otherwise they they , after all, for that age relied public support. I must also mention at this point once again emphasise emphasise, that given the current burden of direct taxation on property and all costs of livingthrough indirect taxes leaves nothing of the handsome interest — unless — and that is , of course the injustice that must be combated — the entire income derives solely from perpetual capital rent. There is therefore little cause to fear a decline in the propensity to save.

Is (that detestable) big business really quite so unproductive? Has it not also provided the means for magnificent advances which yield greater benefits for humanity than the interest on loan capital?

The very fact that this question is being asked merely proves that Mammon-worshipping rhetoric has clouded our clear vision here.

Big business has not created the means for great advances; rather, big business has grown out of labour. All capital is stored-up labour. Big business is in itself unproductive, precisely because money in itself is a thoroughly unproductive thing. Values have been created and goods produced from intellect, labour and existing, already extracted raw materials or mineral resources – through labour and labour alone.

No matter how much money one pours into the most fertile field or the richest coal mine, the

field will still yield no grain, nor will the mine spew out coal of its own accord.

If people invented money, this makes perfect sense; for in any complex economy , one needs this (generally recognised) 'instruction for work performed'. But that this

The idea that 'money' possesses an inherent power to grow eternally out of itself into something immense — and this is precisely what money does when it can bear interest — is what our innermost being rebels against; it is what elevates money far above all other earthly phenomena; it is what turns money into an idol. And yet all this is nothing but the most monstrous self-deception of humankind! Money can do nothing, absolutely nothing, of its own accord. A table, a cupboard, a dress, a house, a tool—in short, everything around us has some kind of value; after all, even the oldest table can still be used to stoke a fire and warm oneself by it, but I can do absolutely nothing with a twenty-mark note— , I cannot even wrap a piece of cheese in it. It is only after people have sensibly agreed, to facilitate the exchange of goods for consumption, to issue vouchers for work performed, that this little piece of paper acquires meaning and purpose; and it is very sensible that the farmer should receive not a lump of coal from the coal mine in exchange for his grain, but money – that is, a voucher for work performed elsewhere, e.g. hayforks, crockery, ploughs and scythes. But that is where the power of money ends.

So it is not money that has brought about humanity's magnificent progress, but people themselves: their bold spirit, their proud daring, their shrewd minds, the strength of their hands, and their collective—that is, social—diligent labour. We must see this with such pride and such clarity. It was people themselves, not the pitiful little pieces of paper that people invented to simplify the economy.

However, breaking the bondage of interest is not the ultimate goal of the new art of statecraft; it is, admittedly, the most decisive act, the only act capable of uniting all nations into a true League of Nations against the tyranny of Mammonisinus, which encompasses all nations. But it is not the final goal. On the other hand, the breaking of the bondage of interest must precede all further steps, because, as we have seen, it tackles the root of the world's evils—and indeed its principal root.

Only when the fundamental demand for the abolition of interest slavery has been met will the path to a social state be cleared at all. This must be clearly recognised and enforced in defiance of all the Mammonist powers. A socialist state founded on mammonistic principles — the clamour for socialisation is nothing more than an attempt to bring about the trustification of all industries and to form giant conglomerates everywhere, over which, of course, even in the future, despite all wealth taxes, big lending capital will once again exert the decisive influence have will — is a absurdity and leads with

a natural necessity to a compromise between social democracy—already heavily tainted by Mammonism—and big business.

We, on the other hand, demand a radical break with the Mammonist state and the rebuilding of the state in the true spirit of socialism, in which the guiding principle is the duty to provide for the people, and in which an old fundamental communist demand can find its rational and meaningful fulfilment — in the form of every member of the people being granted their right to the soil of their homeland through the state's provision of the most essential means of subsistence.

We further call for the framework of the new state to consist of a representative body, the Chamber of People's Representatives, whose members are to be elected on the broadest possible basis, alongside a chamber of labour, the Central Council, in which the working people have a voice in accordance with their occupational organisation and economic structure. Finally, we demand the highest level of accountability for the leaders of the state. The prerequisite for all this reconstruction, however, remains the breaking of the bondage of interest.

My unshakeable belief—no, more than that, my knowledge—leads me to recognise clearly that breaking the bondage of interest is not only achievable but will and must be welcomed everywhere with indescribable jubilation; for, mark my words: contrary to all other ideas, movements and endeavours, however well-meaning they may be, which aim improvement the

human race, my proposal does not seek to improve human nature, but rather is directed against a poison, against a phenomenon which, in complete opposition to man's innermost feelings, has been artificially, no, diabolically devised to make humanity sick, to entangle it deeply in materialism, to rob it of the best thing it possesses: the soul. Hand in hand with this goes the terrible, merciless tyranny of the financial powers, for whom people are nothing more than slaves to interest, existing solely to work for the annuity, for the interest.

Deeply shaken, we recognise the terrible clarity and truth of the ancient biblical prophecies, according to which the Jewish God Yahweh promises his chosen people: 'I will give you all the treasures of the world. All the nations of the earth shall lie at your feet, and you shall rule over them.'

This global issue now lies before you all. Global issues are not resolved in the blink of an eye, but the idea is as clear as day. And the action must be carefully prepared; we must be in no doubt that we are facing the most formidable enemy: the global financial powers. All the violence is on the other side; on our side, we have only justice – the eternal justice of creative labour.

Join hands with me, working people of all nations, unite!

State Bankruptcy — The Rescue

First published in 1919, Joseph E. Huber's Publishing House,
Diessen near Munich

'I am wrestling with the spectre of state bankruptcy,' declared State Secretary Schiffer in 1919 in one of his financial speeches in Weimar.

Indeed, the 'spectre' of state bankruptcy—that is what our Weimar rulers have fallen prey to; it is a spectre behind which lies nothing but the fear of an imagined, unreal apparition. It strikes me as ironic that Mr Schiffer describes state bankruptcy as a
'spectre', for he intends by this to denote something terribly frightening, something horrific; and yet the very concept of the word 'spectre' implies that it is merely something which does not actually exist at all. The 'spectre' of state bankruptcy is the 'bogeyman' of the capitalists, with which they terrify the statesmen and the deceived peoples . The
The 'spectre' of national bankruptcy is the bogeyman of children and nannies, with which one can reliably teach timid souls to shudder, so that they do not dare to look things in the face with clear, wide-open eyes in broad daylight.

It is an indescribable feeling of joy when one awakens from a terrible dream, when the ghosts vanish into thin air and bright daylight streams through the window. The terrifying grimaces, which the twilight had formed from the

objects around us have vanished; the stove has no glowing eyes at all, it stands quietly in its place; the wardrobe is not growing into a monstrous form; the shirt thrown over the chair is not an eerie ghost that has crouched down at the foot of the bed and threatens to rise up, huge; it is all nothing; it was merely our own overheated imagination that conjured up these ghosts for us, whilst a small, brave act of will — that of turning on the light — would have been enough to banish all the ghosts.

But what, then, of state bankruptcy (this ghostly phenomenon)?

In a book that is now widely read, *What Everyone Needs to Know About Sovereign Default* by Fr. Röhr (Th. O. Weber, Hanover), the author defines sovereign default as

'the total or partial failure of a state to fulfil its contractual obligations towards its creditors, regardless of whether this arises from insolvency, a lack of willingness to pay, or both causes simultaneously'.

This legal definition is undoubtedly entirely correct within the framework of traditional thinking, and if one cannot break free from the well-trodden paths of thinking based on Roman law, one will be able to describe any sovereign alteration to the debt obligations assumed by a state as state bankruptcy.

The situation is quite different, however, when one delves deeper into the nature of state financial management; there, a change in debt obligations does not always appear to be 'bankruptcy'.

'Banca rotta', the broken abacus, has acquired a negative connotation ; it is associated with the concept of 'bankruptcy' is always associated with the idea that creditors as a whole suffer loss. Therefore: in my view, the existence of loss to creditors is the criterion for the justified use of the word 'bankruptcy'. If no loss has occurred, or if no loss is incurred by the body of creditors, then one cannot speak of 'bankruptcy' in the ordinary sense of the word.

Does ' ' mean ' ' 'partial non-performance of the contract as agreed assumed debt obligations on the a part of state" for the overwhelming majority of citizens, a deliverance from a dreadful and unbearable

Pressure to relieve the entire economy of exorbitant taxes: who would then still dare to describe such a government measure as state bankruptcy?

Such a liberating act, however, is the abolition I am calling for of interest payments on our war bonds and on all other debt instruments of the Reich and the federal states, accompanied by a declaration that these debt instruments are legal tender, or better still: the conversion of these debt instruments into interest-free bank deposits.

At first glance, the suspension of interest payments on war bonds might appear to cause serious harm to bondholders and thus constitute a fact of state bankruptcy. — On closer inspection, however, this is by no means the case, as the following explanations will demonstrate.

It is precisely the exaggeration and over-emphasis of our state bond economy that makes the absurdity and senselessness of our entire state financial system clear to us.

For the sake of a Mammonist dogma—in other words, a fraud—we have entangled ourselves in a debt-based economy. This dogma states: 'When the state needs money, it must borrow it from the capitalists and then dutifully pay interest on it.'

This equating of the state community—comprising the entire population—with the individual, in terms of raising funds through loans and interest, has led to the irreparable collapse of our public finances, which are so far removed from any sound economy that one must speak of a deliberate fraud perpetrated against the people for the benefit of a small group of big capitalists.

First of all, let us consider the origins of our war bond issue. ‘100 billion in war costs have been raised through the bond issue,’ our state financial wizards triumphantly declared to the hostile foreign world;

‘100 billion in war bonds,’ cheered the German shopkeeper’s spirit, ‘prove the unbroken economic strength of the German people, despite four hard years of war’; with a war contribution of 100 billion, the homeland had shown itself worthy of the frontline army, and people were not ashamed to trumpet this far and wide.

Investing war profits at 5 per cent interest! was a sacrifice, a patriotic act of such heroic magnitude that, with every new victory by General—Finance Marshal von Havenstein, the bank directors’ eyes would well up with tears of joy at the German people’s great spirit of sacrifice.

But what wonderful things were told to the people whenever they were asked to pay up again! A veritable deluge of propaganda material on war bonds would pour forth from the bank counters every time; lectures, meetings and posters, designed by leading artists, ensured that an understanding of the necessity of subscribing to war bonds was awakened everywhere. One was even allowed to think in ‘pan-German’ terms during those weeks,

That is to say, they wished for the German people to triumph.

In short, it was such a repulsive dance around the golden calf (calf, because the German people really were a calf), such a revolting worship of Mammon, such a degrading exploitation of the masses’ greed for profit, that one should not be surprised that it was precisely the war bond propaganda which had the most corrosive effect on the moral fortitude of the German people, thereby paving the way for the collapse in the first place.

And yet it was all, all pure deception; whether deliberate or not, it was the greatest deception of the people of all time.

The German people had thus burdened themselves with 100 billion in debt – interest-bearing debt, at that. The German people must therefore raise 5 billion in taxes if they are to pay the interest; they must, in other words, give 5 billion with one hand and take 5 billion with the other; that, for a start, is the outward effect of this 'delightful' war bond. But the folly of the war bond is by no means exhausted by this. For this tax–interest dilemma is not a parlour game, but an immense apparatus for tax collection and, likewise, an apparatus for servicing the interest – in other words, viewed on a grand scale, a colossal waste of labour involving thousands upon thousands of civil servants, millions of tax returns, paperwork, bank transactions and all of this — all for the sake of a grand self-deception.

But that might still be tolerable, even though any heart with even a modicum of economic sense would rebel against it; the worst, however, is yet to come: the whole farce amounts — whether consciously or unconsciously, let that be left open for now — to a colossal deception of the people. This is because not only do the vast majority of small and medium-sized savers and capitalists gain nothing from their handsome interest payments, as demonstrated above, but also because the entire working population is forced to foot the bill in the form of downright grotesque indirect taxes!

The situation is as follows. Officially, they do not wish to admit to the whole war bond swindle and explain that the interest on the war bonds could, of course, only be paid if taxes were levied to the same amount. That would, at any rate, be the act of an honest Minister of Finance. No, they levy taxes on

indirectly on a massive scale. Coal, beer, mineral water, spirits, wine, tobacco, travel tickets and so on are taxed to an insane extent, solely for the sake of interest payments. Solely for the sake of interest payments, every person in Germany must either freeze or pay double the price for coal, go thirsty or drink expensive beer, wine and mineral water. As if that were not enough, earned income is subject to a massive tax increase, all for the sake of interest payments — and ultimately it turns out: it is not enough! For, in addition to the fixed-rate war bonds amounting to 100 billion, there is a further 50 billion or so in Treasury bills or other short-term loans on which interest must be paid. In total, therefore, 150 billion, which will swallow up 7 to 8 billion annually for the foreseeable future.

It is now deeply saddening to see and read how irretrievably our financial policymakers have succumbed to this madness over interest rates — I quote below one of our outstanding financial experts, the former Minister of Finance of Baden, Dr J. Rheinholdt, who, in his otherwise highly readable and lucid treatise: 'The German Financial System during the War and the Possibility of its Reorganisation', writes the following after discussing the various new, extensive war taxes: 'Through the legislative acts cited in the field of finance in the years 1916, 1917, 1918, which provided the 1918 budget with additional revenue of 4 billion compared with the budgets of 1914 and 1915, we have at least succeeded so far in covering the interest on the war debt from existing revenue." — There we have it — thank God, we have at least managed to cover the interest on the war debt by imposing a tax increase of 130 million on tobacco in 1916 under the Act of 12 June (R.G.V. 507),

The freight charges were set at 570 million by the Act of 17 June 1916 (R.G.V.Bl, p.

555) were set at 570 million,

postal and telegraph charges were increased by 200 million under the Act of 21 June 1916 (R.G.V.Bl., p. 561),

and a levy of 250 million was imposed on the turnover of goods by the Act of 21 June 1916 (R.G.V.B1., p. 577). The year 1917 then brought:

a tax on passenger and freight transport introduced on 8 April 1917 (R.G.V.BI. p. 329) amounting to 315 million,

the coal tax of 8 April 1917 (R.G.V.Bl., p. 340), amounting to 500 million.

In 1918, the tax on the turnover of goods was further increased by the Act of 26 July 1918 (R.G.V.—Bl., p. 779), the additional revenue from which is estimated at as much as 1 billion.

The amendment to the Imperial Stamp Duty Act, enacted by the Act of 26 July 1918 (R.G.V.Bl., p. 779), is estimated to yield 210 million.

The wine tax, introduced by the Act of 26 July 1918 (R.G.V. Bl. p. 831), is expected to yield 103.5 million.

The sparkling wine tax, Act of 26 July 1918 (R.G.V.Bl. p. 847), is expected to yield 12.6 million.

Mineral water, under the Act of 26 July 1918 (R.G.V.Bl. p. 849), is expected to generate 52.5 million.

Beer, under the Act of 26 July 1918 (R.G.V.Bl. p. 863), will continue to be taxed at 339.5 million.

Spirits, as the first financial monopoly under the Act of 26 July 1918 (R.G.V.BI., p. 887), are even expected to yield an additional 800 million.

These enormous taxes, which, as can be seen, place a burden almost exclusively on the consumption of the broad masses of the population, nevertheless yielded just over 4 billion in tax revenue, which was barely sufficient to cover the interest on the war bond. — 'Admittedly,' Dr Rheinholdt goes on to say, 'the budgets

for 1916 and 1917 showed not inconsiderable shortfalls of 2½ billion... —" So that too! — And what of the Reich's other actual responsibilities of a cultural, economic and other nature, etc. ? ? ?

But undeterred, the Minister of Finance goes on to state on the same page: 'To the 150 billion of the current national debt, many billions more may yet be added, for which interest payments must be provided.' — A few pages later, Dr Rheinholdt states once again (p. 69): 'The war bond and its interest payments must, under all circumstances, remain secured in accordance with the terms of the bond. Were this not to happen, the Reich's creditworthiness would be irretrievably lost, both at home and abroad.' — There we have it again: interest payments—that is the be-all and end-all of our financial plight.

This must not be tampered with; in the face of the sanctity of interest, all finance ministers, all tax policymakers, all — and here comes the truly sad part — socialists come to a halt as if on command! — Mr Scheidemann proclaims on every advertising column to the frightened people, to 'reassure' them, that the security of the war bond would under no circumstances be compromised.

So, you big capital, just keep quiet!! You can keep your interest; the people are foolish enough, bribed by the pittance of interest promised to the small bondholder, to allow themselves to be saddled, directly and indirectly, with the most outrageous taxes. For what? To whose benefit? Only to the benefit of big loan capital!! After all, the big moneyed powers can't possibly consume more beer and spirits, tobacco, wine and soda water, salt and sugar, matches and coal than the ordinary man of the people – the worker, the civil servant, the employee! And so the vast majority of the people, man for man , pay just as much as the -fold millionaire, just so that the

A multimillionaire receives interest on his war bonds. — The most shameful, most despicable fraud, the most infamous swindle, is the entire war bond scheme. Conceived for the benefit of the big capitalists. To this end, not only is the labour of the entire population exploited to the bone, but much more besides: through the shameful bribes known as war bond interest, the little man has also been harnessed to the triumphal chariot of the Golden International, and his heart and mind have been corrupted by Mammon!!

That is how it is; that is the truth! Who dares to say anything against it?! The scales are falling from our eyes, and we can clearly see where this abysmal hatred, this indescribable fury of the awakened people, instinctively stems from—even if the people themselves are not fully aware of it, but merely feel the general pressure of what I have clearly expressed in numerical terms in the preceding remarks.

Poor people! Poor and betrayed people!

So you will go bankrupt if you stop paying interest on the war bonds! Has it now become clear to you why national bankruptcy is a spectre?! Has it now become clear to you why national bankruptcy, in the form I have proposed—the suspension of interest payments—is not only not bankruptcy, but a jubilant liberation, a deliverance from the clutches of Mammonism?!

Let us break the bondage of interest, and we all—the entire working people—shall be free.

War bonds have shown us that the war bond economy is nothing more than a capitalist swindle of the people; with the remaining government bonds is it in essence

Of course, it was exactly the same, except that it could be concealed more easily. I am referring here, first and foremost, to railway bonds, which are by far the most important government bonds in terms of volume. The German state railways as a whole represented fixed capital of 20,795 million at the end of 1916. All these state railways were built or acquired through the proceeds of bonds. All this capital – let us say around 20 billion – must, year in, year out, yield interest to the capitalists. Year after year, our state railways must generate a profit of around 800 million marks, simply to cover the interest payments to the holders of railway bonds.

I do not wish to dwell too long on the details, but it is nevertheless interesting to note that the magnificent surpluses of the railways, which, for example, in Prussia have always been regarded as the
The revenues, which were hailed as the 'backbone of the national budget', were just sufficient to cover the perpetual fixed interest payments on the railway bonds. Occasionally there was admittedly a little more, leaving a net surplus of a few million, but the highest figure was the famous 7 per cent interest rate on the Prussian–Hessian State Railways – in other words, a surplus return of approximately 3 per cent above the statutory interest payable to the capitalists. — This situation has now deteriorated catastrophically in recent years; according to figures from the Prussian Minister of Finance, Simon, the railway budget for 1918 shows a deficit of 1,300 million — a shortfall equivalent to the revenues of two good peacetime years. — But that doesn't matter at all, for railway bonds are fixed-rate securities, so the interest must be paid in any case, regardless of where the money comes from. It's very simple: they will simply tighten the tax screw — after all, what are the working people there for? Heilig ist nur der Zins, mag darüber der Staat zugrunde

That is to say: woe betide the state if it were to cease paying interest; that would amount to state bankruptcy, which, in Mammonist parlance, is the gravest crime one could imagine, for it would, after all, affect the small pensioners who have invested their money in 'safe' government securities. Now — the big capitalists would be utterly indifferent to the small pensioners' pensions were it not for the fact that they themselves still hold large portfolios of these government securities. So it is very good that the small capitalists possess this 'excellent, safe investment', for one cannot 'betray the trust of the people ', who have 'entrusted' their 'savings' to the State
"in good faith" have "entrusted" their "savings". — How fine and noble that sounds, and yet it is a thoroughly cunning, money-grubbing swindle — just like the war bonds.

Were it not for the fact that almost the entire net profit from the railways' revenues has to be used to service the railway bonds, the net income from the state-run railway system would be sufficient to cover the bulk of the state's expenditure on the entire domestic administration; consequently, far fewer direct and indirect taxes would need to be levied. Here, too, the same picture emerges: the small and medium-sized capitalist derives not the slightest benefit from the handsome interest on state railway bonds, for this interest is taken away from him again, either directly or indirectly; for citizens who are not in the fortunate position of holding such 'safe' government securities, the interest paid on railway bonds amounts to an outrageous taxation of their labour for the benefit of the major bondholders. Only the capital behind the major bonds benefits.

In Bavaria, the situation is exactly the same, indeed even more unfavourable, because net profits were adversely affected by the policy of operating small-gauge local railways and the more difficult terrain conditions from at the front in

. With railway debt of around 2 billion, interest payments amount to around 75 million; before the war, payments to the state treasury averaged 70 million. The year 1911 was a notable exception, with 93.7 million, whilst 1918 ended with a significant loss.

The following table shows the financial results of the Bavarian railway operations for the decade 1902–1911.

	Total revenue. Millions	Total expenditure, incl. pensions	Gross surplus	Of which, interest payments interest	Net — income	Loss
1901	166.7	136.4	30.3	37.4		7.1
1902	169.7	129.6	40.1	38.1	2.0	
1903	176.1	133.5	43.6	40.1	2.5	
1904	184.7	141.6	43.1	44.2		1.1
1905	195.1	145.3	49.8	46.5	3.3	
1906	208.0	155.1	52.9	47.3	5.6	
1907	213.1	161.6	52.5	48.4	3.1	
1908	219.7	170.0	49.7	51.5		1.8
1909	266.4	208.9	57.5	Repayment 63.8 and 2.4	_—	8.7
1910	281.6	199.5	82.1	62.9 and 2.5	16.7	
1911	297.4	303.6	93.7	68.2 and 2.6	22.9	

So here, too, we see the same picture again. The net revenues are just enough to cover the interest on the bonds: the 'backbone of our finances' has done its duty if it is sufficient to cover this interest.

The situation is exactly the same in the other federal states as it is in Prussia and Bavaria, and it is not much different with the 'general national debt', which was not even incurred for so-called profit-making purposes, but for other public works undertaken by the state, such as road construction, torrent control, flood defences, bridge building, drainage works, etc. All such undertakings serve social purposes; they have no objective value in and of themselves.

I can already hear the impatient question: well, how else is the state supposed to build its railways, its roads, bridges and other infrastructure improvements, if not through borrowed funds? Construction requires money, after all, so the state must raise it, and no one would lend money to the state without interest!

In this question, in this view that the state, like any pauper wishing to start a business, must absolutely borrow the money to do so – in that ominous word 'credit' – lies the tragedy of our entire modern system of public finance; and even more so: the assertion that no one lends money without interest, and that the state must therefore print interest-bearing banknotes in order to obtain funds for social enterprises, has played a significant part in the Mammon-driven stagnation of our entire age. Herein lie the roots of the burgeoning ideal of annuities; herein lie the seeds of the unprecedented growth of large-scale lending capital; herein lie the causes of the economic enslavement of the working population.

Thus: the disastrous debt-based economy has arisen from an erroneous state conception. From the notion that the state, just like an individual, needs to take out loans for every economic undertaking. This notion must be rejected as entirely false and contrary to the interests of the whole. — There is absolutely no justification or rationale for the state—that is, the body of citizens as a whole—to have had to borrow money from individual wealthy private citizens and hand over interest-bearing notes to these people; it is simply incomprehensible why the state, as the sovereign embodiment of the entire people, should not just as easily issue interest-free notes to builders and suppliers, which — and here lies the crux of the matter — are ultimately backed exclusively by the labour of the entire people, just as the interest-bearing notes are.

This clear realisation is the key to the whole of the current situation.

It may be particularly difficult for experts who consider themselves competent in these very matters to recognise or admit this fundamental error, precisely because it involves deeply ingrained prejudices. However, the ordinary man in the street, guided by common sense, will have no difficulty in realising that, for the population as a whole – which, at the end of the day, always has to foot the bill for taxes or interest in one form or another – it makes no difference whatsoever whether the state prints interest-bearing notes or non-interest-bearing notes to fund its social obligations. In other words, the difference will in fact immediately work in favour of non-interest-bearing notes — that is, so-called banknotes — since, in this way, the state remains free from the outrageous burden of perpetual interest payments.

But the money-worshipper is not at a loss for words and hurls the dreadful term 'inflation' at me.

What is inflation? The flooding of the money market with paper means of payment. Paying for state projects with paper means of payment is said to have an adverse effect on the economy. Well, I am so bold as to claim that this, too, is a genuine Mammonist hoax. Here, too, we must once again bear in mind how it originally came about. Let us say the Bavarian state wants to build a railway, which
It costs 100 million; this sum must be approved by the state parliament, etc., after which a bond issue will be launched. In the meantime, however, the railway is already being built, and the contractor must be paid. With what? With banknotes. So banknotes are printed. But then the interest-bearing banknotes be printed ,
the bond certificates, and the coupons to go with them, and these coupons must then again with banknotes be redeemed .

What we are seeing here is a paper economy — inflation — that is significantly greater than if the entire amount had simply been printed directly as banknotes. Why not print 10,000-mark notes? They would no longer be a means of payment in the sense of small change anyway; they would simply be held in deposit as a cash reserve or used for larger transfers — quite apart from the possibility of much simpler cashless settlement. I have deliberately chosen the somewhat more circuitous line of argument via ordinary banknotes to demonstrate that 'inflation' can once again only be spoken of as a 'spectre' intended to frighten superstitious statesmen. In reality, inflation caused by borrowing is far worse than if the state, on the basis of loans once authorised by the people's representatives — after all, the money was already there — had simply drawn down or printed that very money. We would not, then, have got caught up in the first place in this nonsensical, self-deceptive interest-based economy, from which we must now extricate ourselves at all costs.

It is quite clear that, given the abundance of means of payment, these banknotes would have been credited to the state banks — insofar as they had not been invested elsewhere —, and very soon it would even have reached the point where no new banknotes would have needed to be printed at all for the approved government loans, since the state bank had sufficient banknotes in its vaults and certainly no further 'bond certificates' would have needed to be printed.

However, this would mean — quite contrary to the claims of the Mammonist website regarding inflation — that no

inflation has occurred and the ongoing decline in the purchasing power of money has been avoided.

The devaluation of money has kept pace exactly with the swelling of our war bonds, and indeed any layman can see this from developments during the war. — We have already shed due light on the war bond scam, but it reveals even more to us: namely, that the devaluation of money has progressed in exact proportion to the expansion of the war bond issue — on average, we can now observe that, whilst the total value of fixed-income securities has roughly tripled compared with pre-war levels, all prices have also tripled on average, or rather, the value of money has fallen to one-third. By contrast, the flood of banknotes, which also occurred incidentally, has by no means had such a devastating effect. For the frenzied printing of banknotes, which has increased our paper currency almost tenfold, only began last year (1918), by which time prices had already risen to 2½ times their previous level; furthermore, the rise in prices since last year has by no means kept pace with the increase in the volume of paper currency; and finally, it must be acknowledged that the vast majority of these notes have been hoarded, that is to say, held in reserve without yielding any interest.

Just imagine how the entire financing of the war would have been carried out if one had dared, on the basis of the war loans that had been granted, to print, say, 5 billion banknotes and use them to pay for the war supplies. These sums could not have been invested at interest on a large scale anywhere, so they would have been deposited as cash with the banks; an explanation of this, and, where necessary, or even penalties against hoarding of paper money only with

just one-tenth of the effort required for the war bond, the money would have been channelled back to the public financial institutions or the Reichsbank, from which – on the basis of new loans to be authorised by the Reichstag – payments could then have been made anew without the need for further note-printing. I do not believe it is an exaggeration to say that, in this way, the Reich could have managed the entire financial burden of the war with 5–10 billion in new banknotes, and, moreover, through the system of clearing and credit entries.

For example, a law stipulating that all war supplies were to be paid for by means of clearing accounts alone, and that cash withdrawals from the interest-free credit balances — due to the war — were to be permitted only for the payment of wages, would have made it possible to avoid all the catastrophic consequences of our war bond economy.

We would thus have set out on the long-overdue, sound path of sound public finance.

To complete the picture, let us imagine how things would proceed: the war industry, the farmers and craftsmen supplying the war effort, would receive payment for their deliveries via credit notes issued by some branch of the Reichsbank. Wages and so on could be withdrawn (under supervision) in cash, whilst payments to suppliers are by cheque or bank transfer; the remainder – the profit – remains as an interest-free credit balance. Loans – that is, the Reich's debts to the individual credit holders – would now also have swelled to a similar level, but at least without the additional interest. Internal debt, that is, the debt of the economy as a whole to the individual credit holders, would, however, be unable to burden the economy in any way, unlike the interest-based economy.

We touched upon the connection between the bond economy and currency devaluation in the previous section, but it may not yet be sufficiently clear why this intrinsic connection exists.

This intrinsic reason lies in the original nature of money.

Money is, by its innermost nature , nothing other than 'a record of work performed'.

The entirely erroneous additional interpretation and assessment of money as capital which works by its mere existence – that is, which yields interest – is, in turn, nothing but a thoroughly cunning, Mammon-worshipping swindle.

We can best clarify the accuracy of the above definition of money as a 'claim on labour rendered' by means of a very simple example: In exchange for the bread grain he delivered, the farmer did not receive one cartload of coal from the coal mine, but money – that is, a 'claim on labour performed' – meaning that, with this money, he can purchase labour performed, for example,

B. Buy a plough, a harrow and a scythe; the plough and harrow maker, for his part, can in turn use the 'payment for work performed' (money) he has received to purchase goods that represent work performed, such as coal or wrought iron from the mine. In this brief cycle, we recognise the absolute validity of this definition of money as a 'certificate of work performed'. Money is therefore a thoroughly ingenious means of facilitating trade and exchange, essential in any complex economy. This characteristic of money remains unaffected, even when it is hoarded, as long as it is not endowed with the supernatural ability to yield interest of its own accord. It is only with the concept of interest that money has become an independent, demonic power – that terrible force which

exploits and drains people; it is the principle of interest alone that has led to the economic enslavement of nations.

Money in its original meaning and invention is 'Payment for work done', nothing more! — But with the concept of interest, money has become an earthly god.

According to this definition of money, it is clear that the existence of many such 'instructions for work performed' must drive up the prices of goods (goods being work performed) when there are few goods available – that is, when the money supply exceeds the supply of goods. The supply of goods – that is, production – remains, on the whole, fairly constant within a national community as long as the population, and thus the labour force, does not increase or decrease significantly. By contrast, money tokens – these 'certificates of labour rendered' – can, of course, be multiplied at will; the simplest way to do this is by using the printing press. The result, of course, is that the prices of all 'work performed' rise accordingly, or rather that the purchasing power of money falls. Here we see the direct link between the devaluation of money and the original concept of money. — The mere existence of paper banknotes devalues their purchasing power, for only commodities have intrinsic value, not money. We can now trace very precisely how the swelling of our paper 'values', our 'Securities', for example, have led to a parallel devaluation of our currency since 1870, and it was precisely the vast volume of 'interest-bearing' 'securities' that contributed to this devaluation; for the volume of non-interest-bearing banknotes is far less indicative of the paper money economy — (until the outbreak of the war, we had only around 4 billion banknotes in circulation) — than the deluge of fixed-interest securities of all kinds born of the interest- and

credit mania.

It should be noted in passing that the rise in prices has always followed, as it were, in the wake of a wave of paper securities being issued; herein lies the secret behind the terrible redistribution of wealth amongst our people.

We have already discussed in the previous chapter the development of the flooding of the market with paper means of payment of all kinds during the war and the resulting currency devaluation; together with the remarks just made, there should now be complete clarity regarding the hopeless state of our state's monetary and credit system.

But there is one more point that must be addressed, where it is once again very difficult not to doubt the 'bona fides' of capitalist circles: namely, the fact that all small, medium and even quite substantial fortunes—let us say, up to half a million—are being completely devalued by this insane inflation. The gulf between the world-dominating plutocrats and the entire working population is growing ever wider. The entire middle class, including the better-off property-owning citizens, is sinking into the proletarian class, whilst the 'Golden International', seated upon its throne of billions—a throne strengthened solely by the madness of interest—is preparing to assume world domination.

And once again it becomes clear to us that only the dismantling of the interest-based economy can save us from complete economic enslavement by the great international financial powers.

Leaflet dated 5 April 1919
Written by Dietrich Eckart on the basis of the 'Manifesto on the Abolition of Interest Bondage'.

To all working people!
To all who work, no matter what or where, as long as they work!
To all sensible people!

There is no form of property these days that does not come in for criticism. Industry, farmers, the Church, the middle classes — anyone who has money, or at least appears to have it, gets a good telling-off. There is just one thing that nobody talks about; you never hear a word, not even a syllable, about it; and yet there is nothing in the world that is such a curse on humanity as this. I mean

loan capital!

Do you know it? Everyone has probably heard of it, but to know it, to really know it — I do not believe you do. Otherwise, you would forget all your quarrels today and go, arm in arm, to strangle that monster before morning comes again.

I shall describe it to you in brief outline. But listen carefully! For if any form of enlightenment can make you what you long to be—namely, free, happy people—it is this alone that can do so. None other than this!

Loaned capital yields money without work; it yields it through interest. I repeat: without having to lift a finger, the capitalist increases his wealth by lending out his money. It grows of its own accord. One may be as lazy as one likes— —if one has enough money and invests it to earn interest, one leads the most splendid life; and one's children need not work either, nor one's grandchildren, nor one's great-grandchildren, for all eternity! Does not everyone feel how unjust this is, how shameless?

This loan capital grows to immeasurable proportions through compound interest. Just one example: in 1806, the Rothschild family's lending business began with the millions entrusted to them by the exiled Elector of Hesse. It must have been just over 10 million, certainly no more than twenty. Today, some 110 years later, the Rothschilds' fortune stands at 40 billion!

The House of Rothschild owns 40 billion!

Not millions, but billions! If this continues, they will have 80 billion by 1935, 160 billion by 1950 and 320 billion by 1965. Billions! It sounds like the ravings of a madman, but it's true! All the Rothschilds need to do is manage their fortune, simply ensure that it is always well invested; they don't need to work – at least not in the sense that we usually understand the word.

But who is it that increases their wealth—and that of their ilk—to such a colossal extent? The interest must come from somewhere; these new billions and

billions have to be toiled for! Who does that? You do, none other than you! Yes indeed, it is your money, painstakingly earned amidst grief and worry, that flows as if drawn by a magnet into the coffers of those insatiable people!

Once again: the Rothschild family alone possesses 40 billion. But you hear nothing of this, not a single word! All you ever hear about is agriculture, heavy industry, industry in general; and it is solely to these sectors of the economy that the nationalisation plan of our leading revolutionaries is directed, with deafening clamour! 'Nothing else to socialise!' they drum and whistle into your ears day after day, until you believe it and are glad that such noble-minded people care so much for you. Cleverly thought out, I must say, and cleverly executed. Do you know how much the capital of our entire industry amounts to?

The capital of the entire German industry amounts
to not even 12 billion!

Get this straight! "In every sector – in our iron and coal industries, in clothing and textiles, in stone and earth, in mining and shipping, in timber and glass, in our construction industry, in the huge chemical plants, in our once world-leading electrical industry, in our machinery and locomotive factories, shipyards and paper mills, in the transport and food industries – in short, across the infinitely vast field of all, but also all industries

do not yet amount to 12 billion!" Calculated on the basis of the splendid state of affairs in peacetime! Yet even back then,

40 billion!

Just how much might it possess today, after the enormous profits the war has brought it! You could add up all the farmers in the whole world, and even with their liquid assets they would not come anywhere near the 40 billion of the single Rothschild family!

There are, however, quite a number of such 'Rothschilds' amongst us: the Mendelssohns, the Bleichröders, the Friedländers, the Warburgs, to name but a few of the most prominent. And even if none of them can match that colossal role model, surely each of them has more to live on from investment income than all our staunch agrarians put together! And yet it is precisely the landowners whom the 'saviours of the people' repeatedly brand as the worst—indeed, as the only—exploiters, whilst the true bloodsuckers are never even mentioned, not even in the slightest! We are deliberately distracted by the far lesser evil, so that we do not see the main evil, the all-consuming loan capital; and this is how it has been handled ever since Marx and Lassalle right up to Levien, Landauer and Mühsam! Have your eyes not been opened yet?

Well over 200 billion in loan capital weighs upon the German people!

Do I really need to tell you in whose hands most of it lies? The German people do not possess 100 billion in capital in the form of war bonds; rather, they have 100 billion in debt, for which they must pay interest through taxes! On top of that, there are a further 30 billion in unsecured debt, on which it must also pay interest! Likewise, 25 billion in bond debt owed by the state and imperial railways – no small sum either! On top of that, there are 12 billion in debentures issued by land credit institutions and 11 billion in mortgage bonds issued by mortgage banks, for which the people must pay the interest in the form of high rents! And finally, there are 6 billion in debentures issued by German towns and municipalities on which interest must be paid, and who knows what else!

But it is not just here; it is the same all over the world! Wherever we look, working people groan under the yoke of interest; like a giant polyp, loan capital spreads across the globe and sucks the lifeblood from the peoples. Internationally, it is all interconnected – indeed, it must be interconnected – so that it can find new sustenance wherever the opportunity arises. Alongside the Mendelssohns, the Bleichröds, the Friedländers and the Warburgs stand, unseen, the Löbs, the Schiffs, the Cahns, the Speyers and the Morgans of America! Rathenau's vanity once revealed just how many there are. '300 men, all of whom know one another, direct the fortunes of Europe,' he boasted several years ago.

300 stockbrokers rule the world!

Through their immeasurable loan capital! Everything is subject to them and compliant: the press, the theatres, the cinemas—everything through which public opinion can be influenced! Our princes were among them too, as was our nobility, for they are related a thousandfold to these 'chosen ones'! But gold neither rests nor rests; it wants to devour ceaselessly and fatten itself! It rises from the ground, in Africa, in Asia, ceaselessly anew, and knows but one desire: to be invested, to bear interest. 'Long live war!'

Even if houses and huts, railways and bridges are shattered by shells and reduced to dust and ashes: the mortgages remain in force; the railway—and the national debt—debts are not thereby wiped out; forever must the unfortunate owners of their destroyed homes, forever must the unfortunate populations of the countries ravaged by war, toil to pay the interest on the borrowed capital! The Golden International looks on jubilantly at the mad frenzy of humanity; the insane destruction wrought by war, to which villages and towns, entire provinces, have fallen victim, provides the welcome opportunity to issue new bonds, until at last the whole of humanity serves as interest slaves to the Golden International!

That is the root cause of the World War!

That alone! Others had already recognised this, but — nothing came of it. 'Twenty-two dynasties,' wrote the Berlin Spartacist newspaper *Freiheit* at the start of the revolution, 'have fallen or are still clinging desperately to the crumbling rock. They were merely puppets! Now it is the turn of the puppet-masters! That the architects of capitalism, the uncrowned kings of the stock exchange and the office, the true architects of our misfortune, of criminal politics, the brought World War!"

That's how it sounded once, clearly enough, but since then nothing more has been heard of it. All one hears now is that it was the kings and the military who were to blame. Why, I wonder, the change of tune? Because capitalism has in the meantime also seized control of the new movement, by means of its agents, who, like , behave in a most people-friendly manner ! "He is coming", just as the
"Vorwärts" makes itself heard timidly, "towards the masses, to deceive them. He feels secure — that is why socialisation is only half as bad for him. After all, he knows that he will find ways and means to get his own way."

There you have it! We are to be cheated yet again, and once more through the intrigues of the stock market! There is only one remedy for this:

> Let us break free from the bondage of interest imposed by loan capital!

Let us trust no one who has looked past this nightmare afflicting humanity ! Such leaders were

suspicious from the outset, and they would be doubly so if, now that we have become aware of this, they were suddenly to come clean!

We Germans, led by us Bavarians, must make a start!

We Munichers must take the lead!

It was here that the upheaval began! It is also up to us to lead the revolution to its true goal, not to the false one it would end up at if we continued to rely on foreign influences! Did they not say there was nothing to socialise for the time being? Well, you know better now!

Honest people from amongst us must come together and discuss how the rule of interest can be broken! However difficult it may seem, it is not all that hard! After all, the German people have lived without interest for 600 years! We just need the will and must not give up! Away with the liars who serve only the stock market!

Only this revolution is the real one!

Let's get to work! It will sweep all nations along with it! No other revolution can do it! Liberated humanity will thank us as brothers! Us, the reviled Germans!

Cheap bread or new taxes?
Letter to the Bavarian Minister-President

Published as a leaflet by the 'German League for the Abolition of Interest Slavery', printed by Josef E. Huber, Diessen near Munich

Murnau, 26 December 1920.

Dear Mr von Kahr!

I take the liberty of addressing Your Excellency directly because I believe there is a pressing danger.

Reports are circulating in the press that the government intends to convert the major Bavarian hydroelectric power stations, 'Walchenseewerk and Mittlere Isar', into public limited companies.

I raise a vigorous and passionate objection to this transfer of significant portions of Bavaria's national assets to capital. The Bavarian people are perfectly capable, under any circumstances, of developing Bavaria's hydroelectric resources for the common good, free of interest. It possesses sufficient labour, sufficient skilled personnel, sufficient building materials, etc., within its own borders to construct the entire infrastructure in its own right and through its own labour, and it possesses sufficient trade goods to exchange for those parts of the electrical equipment that cannot be procured within the country.

It is therefore entirely incomprehensible why the Bavarian state should act as a collector of interest on behalf of capital, which is greedy for interest, whilst it could itself, in its own right, generate the necessary funds interest-free, without once again placing itself in an unnecessary and undignified position of dependence on capital.

If the state government dares to take it upon itself, by virtue of its financial sovereignty, to collect the taxes required to pay this interest on capital — if, at an interest rate of 8 per cent, it must recoup the entire construction cost in the form of interest within approximately 12 years and transfer it to the capital! — or if it allows the Bavarian people, year in, year out, to pay for the electrical energy generated from their own hydropower by means of indirect taxes on electricity, the price of which has been increased by exactly the amount of the interest, thereby burdened with this interest tribute, then the state would just as easily be in a position, sovereignly, in its own right, to raise the sums required for the expansion of hydroelectric power by spreading the tax burden over several years, by temporarily issuing interest-free vouchers from the State Bank to cover the payments — in its own right and not as a lackey of big business.

The issue of non-interest-bearing vouchers by the Bavarian State Bank is nothing new; last year, for instance, we issued some 120 million marks' worth of these vouchers, and for entirely unproductive purposes at that. If, however, but a such issue of

state funds for the express purpose of productive labour, then even from the most rigorous perspective of finance, no objection could be raised against it. The state would, admittedly, first — during construction — issue paper in exchange for work performed, but would later exchange work performed (electricity, atmospheric nitrogen) for paper once more. This is an entirely unobjectionable process which the state can carry out without hesitation by virtue of its economic sovereignty.

This funding of large-scale state-sponsored social housing projects is merely one aspect of the wider problem of interest rates. Your Excellency is aware that for several years now I have been conducting in-depth studies into the problem of interest rates, both in speech and in writing. Members of all political parties are involved in the 'Kampfbund for the Break Interest Servitude' which I founded; major German trade associations, various political parties, a number of distinguished politicians, economists and banking experts regard my proposals as the only way out of our financial misery. There is also absolutely no doubt that the issue of interest is the central issue of our public monetary system and thus also for the management of the national budget; but the issue of interest is, moreover, the crux of the social question, insofar as the poisoning of our domestic political life stems from the justified resentment of all those who labour with their heads and hands against the beneficiaries of pure loan capital. And

the problem of interest is, moreover, a matter of fundamental importance for the entire Western cultural sphere, insofar as the peoples belonging to it will have to choose between ruin in Bolshevik chaos or stagnation in the bondage of interest servitude to the global usurious capital of Franco-Anglo-American high finance. Breaking free from the bondage of interest is the watchword; it is the clear expression of the struggle raging throughout the world between labour and achievement on the one hand and the rapists— and tendency towards exploitation of supranational monetary power.

"The issue is securing the interest on Germany's war debt," Lloyd George explained to Spa.

— And anyone capable of seeing beyond the superficial reasons for the war knows that the inexorable law of interest gave rise to the World War. The threat to the secure returns on global capital posed by German labour, by a Germany of labour and achievement, by a country in which 'undiscountable' values—such as civil servants' loyalty, officers' honour, diligence and honesty— had not yet succumbed entirely to the moneybags, demanded, in the interests of establishing a global monetary republic, the shattering of this 'German socialism' — not militarism or imperialism, etc. — was demanded. — The German sword was feared, but the moral imponderables were hated. That is why the demoralisation of the German people, the denationalisation

of the German soul was pursued by every means and crowned by the Treaty of Versailles. In this sense, for me, the Treaty of Versailles is nothing other than the manifestation of the idea of interest against an entire people; it is the formal legal cloak for the immense injustice of enslaving the labour of an entire people to supranational financial power.

In exactly the same way, the concept of interest is, in general terms, a legal construct that has, in essence, very little to do with the concept of money or with the actual function of money — namely, to serve as a medium of exchange and as a token of work performed. The notion that interest is a property of money, as some economists try to make people believe, is of course utterly preposterous; interest has as little and as much to do with money as a goitre has to do with the blood circulation. The legal safeguarding of the claim to interest has led to a distortion of the concept of interest, the moral untenability of which became clear to the outstanding legislators of all ages and among all peoples as soon as the poison of interest threatened to stifle all creative, free labour amongst the peoples. I recall Lycurgus, Solon, the 'lex Gemicia', Justinian, Pope Leo I and Luther; I refer to the prohibition of interest in the Muslim world and in the Chinese world. If it already goes against our deepest sense of justice that money can be used to acquire debt instruments of all kinds, which grant the holder of these debt instruments a practically perpetual right to the labour of others

, this legal concept becomes a crime when the state itself surrenders its sovereignty over interest to the concept of interest. Instead of upholding one of its most fundamental rights — its duty to create money, that is, its right to create the necessary means of payment by virtue of its own sovereign authority — it has placed itself, and thereby its population, in a position of dependence on the possessors of money. What is more, it has thereby inevitably found itself in opposition to the people and has become increasingly entangled in dependence on the moneyed interests, having effectively become the trustee of the interests of big capital, in contrast to its natural and most fundamental duty: to be the trustee of the community as a whole.

Who could deny it: today, the state, with its instruments of power, is the collector of interest on capital; it is unfree — and: as long as this anti-social state of affairs persists, the accusation of a capitalist state will be rightly levelled, and domestic political tensions will not be able to subside.

The concept of property stands in stark contrast to the exploitative notion of interest. When Proudhon says:
'Property is theft', he thereby commits a crime against civilised humanity, for property, possessions and wealth of all kinds are, by their very nature, never theft, because the possession of gold and silver vessels, beautiful paintings, land
— and home ownership, a fine library, etc., never exploits the labour of others, as interest-bearing capital

does. Rather, property is the foundation of all civilisation, and the protection of property is one of the most important tasks of a civilised state.

I have made this brief interjection because my endeavours are often denounced as communist by those with a vested interest. They are certainly not that; on the on the contrary, they are the breakwater against Bolshevik chaos, because in implementation of my demands to break the bondage of interest, the only legitimate demand of Marxist — socialist school of thought — the elimination of unearned income — fulfils and thereby a purge of domestic political relations is brought about, which alone is the in parties to a genuine community of shared destiny , which will make fruitful socio-political work possible in the first place. Interest, however, is theft, and the surrender of vital, earth-bound natural resources to capital appears, in light of the above, to be state aid towards the organised plundering of the people – in a situation where it is precisely the social, state-led development of Bavaria's hydropower resources that could and should enable the Bavarian people to tap into an inexhaustible source of value and free themselves from the obligation to pay tribute to capital.

I have now returned to the starting point of my argument. My letter has turned out to be longer than I had intended. Nevertheless, I am unable to adopt the usual

To offer words of apology would be to detract from the importance of the matter.

I am not motivated by personal ambition or a desire to draw attention to myself and my work, but solely by the concern that irreversible decisions might be taken which could cause the Bavarian people to lose, once again, values that could provide them with the strongest possible support in their inevitable struggle for personal freedom and in their historic task of regaining their national identity in their own right.

I have also felt compelled to make this personal appeal to Your Excellency because various resolutions from popular assemblies, which dealt with the issue of interest rates and which had been forwarded to the State Government, the Reich Government and the relevant ministries, have remained entirely unanswered. The public fails to understand why the government has not taken a stance on this important issue, but instead, at best, seeks private information and expert opinions from circles and individuals who must inevitably be opponents of the demands of the 'German Combat League for the Abolition of Interest Bondage'. Nor is any specialist knowledge required of in the fields of economics or financial field is necessary, as the solution to the

interest problem a question in general of a moral and social-ethical nature.

Gottfried Feder.

Guiding Principles of the German Combat League for the Abolition of Usury
(Founded in September 1919)

for public debate
on 4 and 11 April 1921 at the Wagnersaal in Munich

The German League for the Abolition of Interest Servitude

calls for an end to the public servicing of interest, which is essentially nothing more than the organised plundering of the
people for the benefit of mere money holders,

calls, in particular, for the recovery of the privilege of issuing banknotes (the right to create money), which has been entrusted to a public limited company (the Reichsbank),
(the right to create money) from a public limited company (the Reichsbank) and its return to the sphere of state authority through the nationalisation of the Reichsbank,

calls for the nationalisation of the banks, which no longer fulfil their actual social function of facilitating monetary transactions, but instead violently dominate economic life and ruthlessly extort a tribute from all labour in the form of high interest rates,

calls for adequate compensation for small pensioners for the devaluation of their savings caused by a financial and tax policy that has corrupted everything,

calls, in particular, for Bavaria's economic freedom and future not to be put at risk

by entrusting our most precious natural resource, hydropower, to interest-bearing capital,

demands that the State, by organising the labour force at its disposal, undertake the development of hydroelectric power using its own resources, by creating the necessary working capital through its inherent fiscal sovereignty, which will be fully covered by the resulting projects and their revenues,

demands that the nation's assets and tax revenue be used directly to create profitable projects, rather than merely to provide guarantees for entirely unnecessary borrowed funds,

Calls for restrictions on the raising of capital by public limited companies. Public limited companies should use their profits to strengthen their operations; they should not distribute exorbitant profits if they are then forced to raise new capital again. New capital means new debt, incurs new interest costs, and leads to price rises!

The German League for the Abolition of Interest Servitude

rejects the insinuation that its demands are 'utopian' or 'likely to cause unrest amongst the people'. The financial recovery of our national economy through the elimination of the state's interest payments is, for the whole of , highly desirable and not

'utopian'. Unrest can only be stirred up by the opponents of economic recovery. Even if, here and there, selfish interests were to be infringed upon, this life-saving action must not be neglected any more than a vital operation should be avoided because of the pain involved.

The German League for the Abolition of Interest Slavery

declares that the state's interest-based economy is in the most urgent need of a solution, for the damage caused by misguided state financial policy affects the entire population. This is a matter of general social concern. The satisfaction of private credit needs cannot be regulated by state measures (e.g. a blanket ban on interest, following historical precedent); this must be left to the individual's right to self-determination. The sole aim must be to ensure that a lender is only entitled to a share of the profit if they have assumed the risk of loss, and that the lender, even with full security, does not receive, in addition to the costs incurred, a permanent, effortless and unearned increase in value through fixed interest.

The German League for the Abolition of Interest Slavery

sees the resolution of the interest issue not merely as a prerequisite for the elimination of our German

financial plight, but also the liberation of all peoples of the Western cultural sphere from their immense debt.

Breaking free from the yoke of interest is the means by which the great struggle raging throughout the world between labour and capital can be resolved in favour of the freedom of labour, without this thereby property, the accumulation of wealth through one's own diligence, through one's own initiative and outstanding intellectual achievements, need be abolished or even merely undermined.

Only by breaking the bondage of interest can a reconciliation be achieved amongst a people currently torn apart by class divisions, by making it impossible to derive unearned income from the mere possession of money.

The breaking of the bondage of interest is the most important moral imperative from a social perspective; in its universal significance, it rises far above all current issues; it is the solution to the social question; it is the only way out of the terrible turmoil of our times.

Breaking the bondage of interest leads us out of the high-capitalist economic system – whilst avoiding the communist form of dehumanisation and mechanisation of labour – towards a truly social economic system freed from the pressure of the overwhelming power of money, towards a state based on labour and achievement.

The Coming Tax Strike

From the book *The Coming Tax Strike* by Gottfried Feder, BEng, and Dr A. Buckeley (1921, Josef E. Huber Publishers, Diessen near Munich)

1. The Current Situation

With the acceptance of the London ultimatum, the Treaty of Versailles has taken on a new form under public law, which for the time being marks the conclusion of the struggle waged by global capital against German labour.

The financial magnates of the City of London, Paris and Wall Street have now finally in the long-awaited ownership of interest-bearing legal instruments, known as 'Reparations funds', a, b and c, which guarantee them the continued exploitation of the German workforce in accordance with all internationally recognised legal principles. This also lifts the veil on the final connections that explain the cause, purpose and objective of the World War.

France's desire for revenge was certainly one of the active causes driving the war, as was the policy of the Grand Dukes in Russia; yet France alone would never have dared to take up arms; in Russia, too, very strong reservations against going to war with Germany had been voiced. None of these active warmongers could have pursued their policies without the secret consent of the financial powers in the press and parliament; indeed, one might well say: would not have been allowed to pursue them, had the subjugation of Germany not been part of the overall plan for the supranational financial powers to achieve world domination.

It is extremely difficult, indeed virtually impossible, to produce documentary evidence for the ultimate connections. Such documentary evidence can be produced much more easily for specific actions, for the existence of orders, decrees concerning mobilisation, etc., as in the Suchomlinow trial or the trial against Prinzip. But such lines of evidence always remain

surface phenomena and never lay bare the deepest driving forces that are actually of the essence.

Only the actual final outcomes of the World War are conclusive.

But what, then, is the final outcome of the World War — the one that really matters? The subjugation of Germany? The victory of the Entente? The German Revolution? The ousting of the German princes? The Bolshevisation of Russia? The moral and economic decline of all the peoples of the Western civilisation?

All these are merely prerequisites, deliberate necessities, accompanying circumstances and negative, destructive phenomena — but not objectives. None of this would make any sense if it were not of benefit to someone. — To whom, then, are war and revolution, death and hardship, empty rhetoric and deception, class struggle and fratricide of benefit?

Does the French peasant gain anything from the Entente's victory? Does he see any of the German war reparations? Does the English worker, for instance, benefit from the economic exploitation of Germany? Is it not, on the contrary, the case that the English coal mining industry—and thus the English miner—is gravely endangered by the extorted German coal supplies? Does the German people gain anything from its revolutionary freedom other than the prospect of being slowly strangled? Does the worker gain anything from the dictatorship of his—let us call them by their proper name—deceivers?

Leaving aside the parasites feeding off every ailing nation, the usurers and profiteers; who really benefits from war and revolution? The revolutionary governments, perhaps, or their leaders? Not them either. The revolution devours its own children: Eisner shot dead, Jaffe in a madhouse, Landauer shot dead, Levine shot dead, Liebknecht shot dead, Luxemburg beaten to death, Erzberger shot dead, the remaining vacillating compromisers inevitably mired in their own old debts or those they have inherited.

Do the civil servants benefit? Salaries five to six times higher and prices up to ten times higher. The soldiers? In return for risking their lives, they reap the mistrust and contempt of their fellow countrymen and suffer bitter hardship.

Artists and the liberal professions? How they all suffer from inflation! The entire middle class faces the danger of being crushed. Pensioners are a dying class.

Tax looms over all labour, over all property, over every profit, over every profession, over almost every single economic transaction. Like a colossal threat, tax already stifles the very seeds of any successful economic activity. Should a bold economic decision nevertheless be taken to meet demand, tax devours the lion's share of the profit like a ravenous fire. Any accumulation of wealth is prevented; every morsel of bread is taxed; every journey bears a multiple tax burden; the foundation of our national economy, coal, is burdened with taxes amounting to many times its production costs. Every exchange of goods — the purpose and substance of the national economy — is burdened by huge turnover taxes; moreover, most goods and luxury items are subject to special taxes: tobacco, sugar, salt, spirits, beer, lemonade, matches, light bulbs. Thus, taxation lies like a grey, life-sapping veil over the entire economy.

Taxation and inflation: these are the two most defining features of our economic life today; taxation and inflation, both mutually dependent, each bringing about the other.

2. The emergence and consequences of a general tax strike What are then the inevitable consequencesSo unbearable

Obligations and burdens? To begin with, the cabinet will find itself facing ever-greater difficulties in fulfilling its duties – difficulties that stem precisely from the impossibility of the task. The German people might be indifferent to these difficulties in themselves, as long as they relate solely to personnel matters; but they would not be indifferent if a change in personnel were to be accompanied by an ever-increasing tax burden

. For the government and the people must finally realise once and for all that this witchcraft — the basic arithmetic of interest payments to global capital — which is the very meaning, purpose and substance of the Treaty of Versailles — remains insoluble by the means of taxation employed to date, precisely because this perpetual interest payment constitutes the most sophisticated deception of the people in all of history. If this fraud can today rely on legal grounds, the responsibility for it lies with the Reich Government.

The people themselves—and particularly the German people, in their boundless forbearance and patience—will, however, only demand a general reckoning from their government once it has become clear to every single member of the population that the unheard-of tax burden serves solely to pay interest to global capital. Only then, when they have realised that with every loaf of bread, with every warm room, with every service, they are paying interest to the enemy — not to the enemy of war, to the French or the English who stood opposite them in the trenches, but to the global enemy, to the supranational power of money, for which the governments of the enemy alliance are, after all, merely enforcers, only then will defiance grow, along with indignation and the will to liberate; only then, when everyone sees that their own government regards its foremost task as fulfilling the unfulfillable, and has thereby degraded itself from being the steward of its own national tasks—of national reconstruction, of which so much fine talk is always made — to the role of steward and tax collector for the enemy alliance, will the will to refuse to pay arise—a refusal which alone promises liberation from such unheard-of bondage to interest.

One must not view the outbreak of a general tax strike as

Imagine that a call to action were issued from some quarter and, suddenly, on command, from the very next day onwards, the entire population ceased to pay any taxes. Such a spontaneous outbreak of a general tax strike would indeed be conceivable, provided that the tax strike had been systematically prepared over a long

by some organisation working towards that end, and that this organisation would then, through a fortunate chain of circumstances, find the ground exceptionally well prepared for issuing the call. It is, however, highly unlikely that circumstances will arise which, so to speak, would make the entire population aware of the necessity of a tax strike in one fell swoop. For, given the apathy and lack of critical judgement among the broadest sections of the population, and given the divisions into parties, classes and other opposing factions, even an occupation of the Ruhr region, for example, would not be enough today to mobilise the people as a united front. The probable and anticipated outbreak of a tax strike will, rather, take place in the manner indicated above: some political or economic group issues the call for a tax strike; if this group is so strong that the state and its institutions are powerless to resist it, then this will inevitably lead to a general tax strike.

Like any struggle undertaken in a systematic manner, and like any other strike, the tax strike also has a specific objective. Once this objective has been achieved, there would, in itself, be no further reason to continue the tax strike.

The aim of a general tax strike will be: to rebel against an unhealthy, excessive, exorbitant and paralysing tax policy, caused by the general financial mismanagement in the country and by the intolerable and unaffordable payments to the enemy. The adversary to be defeated by the tax strike is therefore the misguided tax, financial and economic policies. Perhaps a specific cabinet, a specific government or certain parliamentary conditions may appear even more clearly as adversaries. As a more distant and ultimate adversary to be vanquished by the tax strike, the unhealthy and unfulfillable demands of the enemy come to the fore, in particular then, when and the perspective on this

is that, whilst this enemy once forced the so-called Treaty of Versailles upon us and declared it to be the legal basis for our obligations, it has itself never adhered to this treaty, but has instead taken repeated and ongoing opportunities to impose new burdens upon us under all manner of pretexts.

The tax strike therefore serves both to combat domestic political conditions perceived as untenable and to combat the external enemy in lieu of armed struggle; the tax strike is therefore more than mere passive resistance; in its effect, it is an attack on the state's function as the enemy's tax collector and henchman.

The question therefore arises as to when, and from what point onwards, the objective of the tax strike is deemed to have been achieved, and what must then happen in order to return to normal conditions, or indeed whether it is at all possible to find a way out of such circumstances brought about by a tax strike.

It must, of course, be emphasised from the outset that the phrase 'conditions brought about by a tax strike' is misleading; for the conditions that brought about the tax strike are the causes of the destruction of the national economy and the shattering of the state, and not the tax strike itself!

The conditions arising from a prolonged general tax strike can be summarised as follows:

a) Effects on the machinery of state

As already described, the state will gear all its defensive measures against the tax strike towards ensuring that it – that is, its institutions and officials – remains in control; in other words, that it can maintain and sustain the administrative apparatus and the authority of the authorities. The extent to which this succeeds depends precisely on the impact, scale and duration of the tax strike. Because the state administrative apparatus for the people the embodiment of the

flawed state measures, because this state apparatus must be paid for in advance from tax revenue; a tax strike will therefore create a deep chasm between the authorities on the one hand and the people on the other, or rather deepen the already existing chasm to monstrous proportions. It can be assumed with considerable certainty that the likely consequence will be the erosion of all authority held by the authorities. The best chance of maintaining authority remains with the local authorities, but only where a prudent, sensible and down-to-earth figure is at the head of an authority. It may well turn out as it did with the disbandment of military units brought about by the revolution: where an unpopular officer was at the head of a smaller unit, the soldiers' councils took command of the regiment; but where there were officers who had managed to earn the inner respect of their men, they were able to lead their company or detachment back to their home regions in an orderly manner. Thus, where a senior district administrator is able to maintain his authority at an administrative office even in such times, on the basis of his previous service, he will still be able to exert some influence within his district and maintain a reasonably orderly state of affairs there; where, however, an unpopular, vexatious, intolerant or bureaucratic official holds a post that brings him into constant contact with the people, the authority of the administration will very soon have been undermined in such times. The central authorities will, of course, continue to issue regulations to the lower-level authorities, but they will soon hear from outside that it is no longer possible to ensure compliance with these regulations.

b) Economic consequences

Since one of the state's primary means of defence was to keep its head above water through the continued operation of the printing press, a tremendous deterioration in the currency's value would occur simply through the sheer flood of paper money. But the very fact of the tax strikes as such alone would, in terms of the stock market

would undermine the credit of the state. The currency would therefore have to fall sharply again within a very short time; this would in turn make any imports, other than those involving barter, impossible. For domestic business life as such, there would be no need in itself to restrict production. On the contrary, given the weak currency, the entire population would have to be fed from the country's own domestic produce; it would therefore be necessary to ramp up domestic production to the highest possible level, to focus production on so-called essential goods, and to restrict the production of non-essential goods or luxury items.

As far as productive activity is concerned, this would, on the whole, continue in an orderly manner. Because the strike was explicitly directed against the state's paper-money economy, the people refused to accept paper currency, and commercial life was conducted predominantly through barter.

This would also bring banking activity largely to a standstill. Shares and securities would, in themselves, still be backed by the same tangible assets as before; indeed, these tangible assets would actually take on greater significance, as pure paper money, as a component of the nation's wealth, would have lost its value. However, the ability to trade shares, their marketability, and speculation in share prices and foreign exchange would be hampered, or would cease of its own accord.

From the moment the tax strike has progressed to the point where the state's paper notes are no longer accepted by the people as a means of payment, but are instead regarded as worthless, the tax strike has achieved its objective in this respect: to combat the state's fiscal policy.

c) Domestic political effects

One of the toughest tests of the Germans' political maturity is when they are expected to take a stand on the issue of German unity. The phrase: 'Let the unity of the German Empire be the last thing to remain for us from the collapse',

dominates and confuses the thinking of almost all political parties, so that on this ground parties on the right and left appear to find common ground. ‘Appear’ because, in reality, everyone understands something different by it.

The ‘loyal to the Reich’ right-wing politician, when he hears the term ‘unity of the Reich’, thinks of the commanding position of power held by Bismarck’s Reich, the restoration of which he longs for; in doing so, he completely forgets that today’s Reich is fundamentally different from what he has in mind when he advocates for the preservation of the Reich’s unity.

The ‘loyal to the Reich’ Social Democrats, when they hear ‘unity of the Reich’, think of maintaining or expanding their hold on ministerial posts, the office of Reich President, and of the defence against everything that might be regarded as ‘reactionary’, ‘Bavarian’,
‘federalist’, ‘Junker-like’ and so on, which could endanger the ‘unity of the Reich’.

The ‘democrats loyal to the Reich’ are the simple-hearted and good-natured Germans who believe they can reconcile today’s democracy with love of country. The ‘democrat’, in his
‘unity of the law’ to the ideal of the 1848 movement, to the longed-for liberation from pre-March petty-stateism and police arbitrariness, and in doing so overlooks – just like the right-wing partisan – that today’s democracy under the Weimar Constitution is merely the concealed form of plutocratic rule modelled on Western democracies.

To the dispassionate observer, however, the present-day unity of the Reich consists solely of a ruthless centralism in Berlin, which serves exclusively financial and commercial interests. This ‘unity of the Reich’ has absolutely nothing to do with the welfare of the German people.

We have included these brief preliminary remarks here because we feel obliged, in our examination of the forthcoming

tax strike, not to sidestep the delicate question of whether, and if so, what impact a general tax strike might have on the survival of the Empire.

It is clear that this question will arise, and indeed it will be posed in the form of an assertion or an accusation: that a tax strike would destroy the very existence of the Empire. Precisely because we foresee these concerns and accusations, we must point out with the utmost firmness that the consequences of any given causes cannot be blamed for further consequences. It is not the farmer who is 'to blame' for the beating received by the potato thief who has been caught, but rather the theft—whether committed or intended—that has earned the thief the beating. Nor is the tax strike to blame if the very existence of the Reich is endangered or destroyed; rather, it is the intolerable tax system that is the cause which must inevitably lead to the tax strike, because otherwise the people and the economy would be ruined by the taxes, but not by the tax strike!

Admittedly, the tax strike is directed against the Reich government — but this Reich government is by no means to be equated with the 'German Empire', let alone the German people. Yet it is the German people who matter, not the so-called 'unity of the Reich'—a term which, looking back today, must not be taken to mean the old, now-vanished, powerful Bismarckian Empire, nor the ideal of the struggle for German unity from the 1848 era, but must be understood to mean: the feeding trough of party bigwigs and the convenient centre of exploitation in Berlin for the supranational financial powers. That is what the unity of the Reich consists of today.

If this realisation were borne in mind when making political decisions, all the difficulties surrounding questions of the feasibility of 'holding fast to the idea of the Reich' would resolve themselves, from 'Sacrifices for the Reich'. The welfare of the Fatherland takes precedence over all constitutional issues, over the 'idea of unity', over economic considerations and, above all, far, far above commercial and financial interests.

Does the unity of tax collection and administration have anything at all to do with the unity of the German 'people'?

Do our German-Austrian brothers not belong a thousand times more intimately to the German people than German citizens of the Jewish faith? Are the profiteers and usurers—even if they are German by birth and Christians by the faith instilled in them from childhood—more important to German identity through their daily visits to the major German banks and stock exchanges than the Germans in the Sudetenlands, in the Czech Republic, in Poland and in other territories under foreign rule, who are being severely persecuted precisely because of their German identity? Does the unity of a people not lie far more in the unity of its language, its customs, its culture, its traditions, in the unity of its worldview and its race?

Whether, therefore, the so-called unity of the Reich is torn apart or endangered by a tax strike hinges entirely on the answer to the question of whether one regards the plundering of the German people by the central government in Berlin – which is already taking place and will come into full force following the adoption of the new taxes – as beneficial or harmful.

Even if a general tax strike were truly to mean the disintegration of Berlin's unity (if we were to use this line of argument, which has itself been proven false), it is by no means certain that the German people would thereby suffer damage to their inner national unity.

In any case, a genuine reconstruction of the German Reich requires, as an absolute and indispensable prerequisite, radical liberation from a downright lethal form of state finance and taxation.

d) Foreign policy implications

The impact of a general tax strike on other countries must also be examined in a theoretical discussion of the possibility and likelihood of such a strike.

Unfortunately, we have reached a point in Germany today where no question of any significance can be raised without the shameful query: 'What

What will the enemy and foreign powers say about this?

The enemy has two conflicting interests regarding the tax strike: firstly, the enemy must fear that, as a result of the tax strike, it will not receive the payments it expects from Germany. This prospect will spur it on to do its utmost to prevent the tax strike from spreading. However, the enemy will not fail to receive the expected payments from Germany simply because the people are striking against taxes; rather, it will fail to receive them due to internal necessities, because meeting the imposed payments exceeds what is humanly possible, and because neither the enemy nor the German people possess the power to make the impossible possible. It will therefore depend solely on whether, upon the outbreak of the German tax strike, the enemy governments recognise the unjust and impossible nature of the demands imposed on Germany or not. At present, there are still no signs that such an insight is taking hold amongst our enemies.

A formal declaration of war by France against Germany is not to be expected. It would, in any case, be nonsensical and superfluous. For we are still living in a state of ongoing war with France, the only difference being that we can no longer defend ourselves with military weapons. The people themselves, however, know and feel that all the enemy's continued breaches of the law constitute nothing other than acts of war. The support for Polish machinations in Upper Silesia, the sanctions, the concentration of troops in the Ruhr region, ready to move in at any moment, the occupation with its outrageous conditions, and finally the 'division' of Upper Silesia – which mocks even the Treaty of Versailles , , , , , and – and the principle of the "right of peoples to self-determination": — all this is a continuation of war, not a war waged with weapons, but a war waged through humiliation and economic exploitation. This form of war will then be continued by all the means already indicated.

3. The Way Out

It is not the tax strike, but the Reich's fiscal policy that must therefore bring about all the consequences described in the preceding sections. Admittedly, the term 'fiscal policy' is too narrowly defined; for the various branches of policy cannot be separated from one another. Thus, the inadequate policies during the war nullified the successes of military operations and turned them into their opposite; the timidity and half-heartedness of domestic policy have eroded the inner resilience of the German people and led to catastrophic consequences in foreign policy. The document and proof of competence—that is to say, proof of incompetence—for our overall policy is called the Treaty of Versailles.

It is plain for all to see that amateurism in the conduct of state affairs has become even more widespread in the post-war period. However, the German Government's overall policy finds its most tangible expression in the tax burdens imposed on the German people as a whole.

However, as already noted, these observations by no means exhaust the underlying causes that have led to the confusion of today, which appears insurmountable. Only by establishing who has benefited from this entire disastrous policy can we get to the root of the matter. The aim and purpose of the World War has been to subject all the peoples of the globe to interest payments. Just how close the major financial powers have come to this aim is illustrated by a brief overview covering the indebtedness of the most important states in the Western world. I base this on the figures from the well-known major English statistical yearbook for the year 1921. The Statesman Year-Book puts England's debt — that is, the English people's debt to capital — at 7,537,200,000 pounds sterling as at 31 March 1921, with interest payments of 349.6 million pounds sterling. According to the same statistical source, the United States of America owed, as at 31 March 1920,

24 297 918 411 dollars, a huge sum, which the victorious

American people must pay interest on as the fruit of victory of the all-dominant power of money.

France owes to domestic and foreign creditors 285 billion 883 million francs, on which the people must pay interest — to the very same supranational financial power to which we and other nations have become liable for interest as a result of a fundamentally flawed financial policy.

Italy is paying for its 'sacro egoismo' with a public debt of , amounting to approximately 72 billion lire. Canada , with its population of 7 206 643 people — roughly the same as Bavaria — is in debt to capital to the tune of 3 014 483 774 dollars. Australia must, from its 5.2 million inhabitants, raise the interest on a public debt of 381,415,317 pounds sterling!

So the victors are no better off either. Everywhere we see the same phenomenon of the peoples' boundless indebtedness to international finance capital, which has harnessed the governments of the peoples everywhere to service the interest on its debts in its own interests.

We need not even imagine that all finance ministers, for instance, complied with certain demands made by big capitalists in return for bribes. Rather, the basis for their behaviour is a deeply and firmly rooted conception of law that has become virtually common property in the Western world: the notion that any form of monetary ownership entails a right to a continuous inflow from the labour of others — interest.

Herein lies the immense significance of the problem of interest — and that is why solving the problem of interest is the first and most important task for the whole world. Conventional economic theories come nowhere near addressing the global problem of interest. The economic justifications for charging interest are not justifications for interest at all, but merely a repetition of the often rather flimsy attempts at justification put forward by interested parties. Furthermore, and this is

The more important point to bear in mind in our overall analysis is that, in its discussion of the rate of return on capital, economics focuses almost exclusively on private credit and the resulting relationships between creditors and debtors, but not on the modern form of government borrowing.

There is not enough space here for a detailed discussion of conventional economics. For us, the issue at stake is the very economic survival of all nations within the Western cultural sphere, where it is precisely the legal concept of interest that has led to the so-called highly capitalist credit and interest-based economy, the consequences of which we now see before us. That these consequences are disastrous and unsustainable should, in light of the figures cited above regarding the international indebtedness of all nations involved in the war, require no further proof. This realisation alone justifies the conclusion that the financial policy pursued — covering the states' monetary needs through the issuance of bonds — was wrong. Just as wrong as the fundamental equation of the state with the private money-seeker, which the defenders of state financial policy repeatedly invoke, is fundamentally flawed. If the parallel were valid—that is, that a private individual is equivalent to the state—then, conversely, the private individual would also have to be in a position to levy taxes for himself—say, in his neighbourhood—to cover his financial needs, or to make a law for himself and sentence his troublesome neighbour to death or expropriate him—all functions which, whilst belonging to the sovereign state, never belong to a private individual.

It is precisely the notion of the state's absolute power in the collection of taxes shows that the state does indeed have other means of meeting its financial needs than the private individual, and that the state is by no means reliant on borrowing in the same way as the private individual.

Furthermore, through its monetary sovereignty and its right to create money on the basis of authorisations granted by the

the people's representatives, a further means of meeting its financial needs without incurring interest.

Recalling the sovereignty of states – which has, after all, been exercised on numerous occasions in cases of declared total or partial state bankruptcy – teaches us that the state also has this option of ridding itself of its debts by virtue of its own absolute authority and without any liability for damages.

From these insights arise, naturally and simply, the proposals that are suited to resolving the chaos and pointing the way forward for the future.

Any truly far-reaching reform proposal must fulfil a twofold task: firstly, the reduction and elimination of the existing interest burden whilst minimising the impact on economic life as far as possible; and secondly, the financing of new major state tasks on an interest-free basis.

The terms 'firstly' and 'secondly' should not be understood to mean that, in chronological order, the elimination of the current bondage to interest must first take place before the financing of state functions can then be carried out on an interest-free basis. On the contrary, there are signs that our proposals for financing major projects on an interest-free basis will have long since become a reality, whilst states are still struggling to meet their interest obligations through ever more exorbitant taxes.

If today — as Lord Churchill put it in his last major speech in Dundee — the collection of interest has become 'the state's principal industry', this merely confirms to us, from a source that is recognised by all nations, that we have always been correct in our assessments of this state of affairs.

If, as a result of a fundamentally flawed fiscal policy, all nations have been ensnared in the bondage of interest payments, the natural and simple demand in response is: the abolition of this bondage through the cessation of the state's interest payments.

Our first demand is therefore: the cessation of interest payments on all fixed-rate debt instruments issued by the Reich, the federal states and all local authorities, in particular war bonds, Reich Treasury bills, etc. All debt instruments shall be continued as interest-free bank deposits for their holders.

The second fundamental demand is: the state shall cover the costs of new projects (development of hydroelectric power, canal construction, etc.), insofar as the funds cannot be raised directly from tax revenue , through the issuance of interest-free treasury notes. These notes are redeemed from the proceeds of the new investments.

It is not the purpose of this paper to set out in detail how the conversion of the various debt securities into bank deposits is to be carried out in financial and banking technical terms. However, the fact that such proposals are by no means amateurish or utopian is evident from the fact that one of the most respected banking experts, the late Mr Bendixen, Director of the Hamburg Mortgage Bank, advocated this measure for the war bond and, to this end, presented a fully worked-out draft bill in his article in the *Bankarchiv* of 1 December 1919.

These two demands are the logical consequence of the insights gained. Without artifice or beating about the bush, these two proposals for recovery arise from the correct diagnosis of the pathogen — interest.

Given the figures on public debt, both friend and foe alike, the fact of the bondage to interest suffered by all peoples of the Western world cannot be disputed, nor can the fact thereby demonstrated that servicing interest has become by far the most important task of the state, just as the levying and collection of taxes have become the main occupation of parliaments and government bodies. There is only one answer to this appalling reality: liberation from the bondage of interest!

Clausewitz once said: ‘In war, everything is simple, but the simple is extremely difficult.’ In this most arduous war that humanity must wage for the freedom and dignity of labour, the above response is likewise extremely simple, but its implementation is extremely difficult. Not difficult because of the measures to be taken, but because of the opponent’s unlimited means of power.

Declaring fixed-interest government securities interest-free, whilst simultaneously converting them into interest-free bank deposits, is as simple and straightforward as enacting any other law. In any case, it is far easier than enforcing any tax law. The only difficulty lies in overcoming the resistance of those with a vested interest in the current state of affairs.

The number of people genuinely interested in the current state of affairs is, in itself, vanishingly small; it is only the number of followers who supposedly benefit from the state’s interest payments that is large.

A clear understanding of the true state of affairs is obscured by the fact that, alongside the few major lenders who, in percentage terms, hold by far the largest proportion of interest-bearing securities, there are also many millions of small and medium-sized ‘capitalists’ (though ‘capitalists’ is not really the correct term for these people, as they are in fact savers) who have likewise invested their savings in interest-bearing securities. These people can expect to receive small amounts of interest from their securities; blinded by this pleasant prospect, they forget that they must pay this interest

— precisely because the state can only give what it must take back from its citizens in some form or other — must pay for themselves through direct or — so that it is even less noticeable — indirect taxes. But it is not only their own interest that the recipients of interest must pay themselves; a substantial portion of the interest payable to the major lenders must also be contributed by the small recipients of interest.

The hardship faced by these small annuitants and pensioners is beyond measure, given the currency devaluation that has already taken place and is still continuing. It must, however, be stated plainly that, from an economic point of view, the class of annuitants has no justification; and under the current economic system, this class has indeed become a dying one, with thousands of parents having had to give up the idea of leaving their beloved children a well-filled purse from which the children could live off the interest — that is, off the labour of others — without work or effort. This is a good thing. It was high time that the ideal of a life of leisure was thoroughly done away with. One should be hard-working and learn a trade, save as much as one can, and no one has any objection to one then being able to enjoy the fruits of one's labour in peace and dignity in old age.

But the conversion of savings into interest-bearing securities had become a cancer within our national economy. The concept of interest had become so deeply ingrained in our people's legal consciousness that it was regarded as downright irresponsible to

'to dip into capital' and spend more than the interest income. Generally speaking, nobody gave any thought to where this interest actually came from. The opportunity, always available through the existence of government securities, to convert every surplus thousand-mark note into an interest-bearing security, made this peculiar characteristic of money—'bearing interest'—appear as something entirely natural, as a quality that was virtually inherent to money itself—growing out of itself.

However much this 'growing out of itself' of money stood in contrast to all earthly phenomena, the bearing of interest has nonetheless become an almost irrefutable dogma of recent decades. It is no exaggeration to say that it is precisely in this fact, in this unquestioningly accepted phenomenon of interest-bearing money, that the very core of the modern capitalist system must be sought.

The contamination of our economic views by the ideal of interest and annuities has had a detrimental effect in every respect on people's social instincts. Anyone who managed to amass a fortune such that they could live comfortably off the interest ceased to work; they were relieved of any concern for the preservation of their wealth, for the state acted as their debt collector. For such a person, the poet's words no longer applied: 'What you inherit from your fathers, earn it in order to possess it.' With the ideal of unearned income, the rentier withdrew from the circle of his working compatriots. This is the fundamental distinction that sets the ownership of loan capital apart from every other form of ownership. No farmer, no large landowner, no trader, no industrialist can sit back and let others work for them; they must all be active, diligent, cultivate the land, work, and ensure a supply of raw materials and a market for their produce; and the larger the enterprise, the greater the estate becomes, the more the owner becomes the most responsible steward of his property, in the interests of the community as well as his own. No other form of property yields returns so effortlessly as that enjoyed by the holder of fixed-income securities — the interest.

It strikes like a terrible punishment for the beneficiaries of the annuity ideal

This has now resulted in the complete devaluation of their interest and capital. It is not as a punishment in the bourgeois sense, but rather, in a sense, metaphysically as a punishment for a perverse, anti-social mindset that the millions of small and medium-sized pensioners have been defrauded of their capital and interest.

However, aid for those who have been cheated out of their savings must not take the form of begging—which is as undignified as it is futile—but rather as a decisive state relief programme. This relief programme can only take the form of small pensioners and those who have been deprived of their income by the current, veiled state bankruptcy — for this is the only way to describe the state-driven or state-caused currency devaluation — handing over their bonds to the state, whereupon the state

in return establishes an adequate lifetime pension commensurate with the reduced value of money. Such a relief scheme could provide substantial assistance to small pensioners, alleviate endless misery and, at the same time, relieve the state of the burden of ongoing interest payments. For upon the death of the pensioner, the debt would also be extinguished for the state. Such assistance for small pensioners and citizens in a similar position would be nothing other than a self-evident act of social justice. There can be no doubt whatsoever as to its feasibility, given the enormous sums our government has committed to paying to the enemy. And the moral duty not to let our own compatriots starve ranks far higher than contractual fidelity towards insatiable and vengeful enemies, despite all the treaties that have been signed and extorted. Taking into account the social relief measures just described for the victims most severely affected by a misguided financial policy, as well as a fundamentally flawed conception of saving for the sake of the pension ideal, the only salvation therefore remains the only way out of the otherwise inextricable financial, economic and moral chaos is the abolition of interest payments on all government bonds bearing a fixed rate of interest and similar securities.

For Germany , is the refusal of a interest payment arising from the reparations documents. This need not even be linked to a refusal to pay reparations; on the part of the victorious nations, such a refusal is entirely within the bounds of the victor's sense of justice, who, by virtue of his victory, has the right to demand atonement and compensation for damage actually caused. However, the reconstruction of northern France lies well within Germany's capacity: a joint reconstruction effort by the nations involved in the war would even provide a beneficial and welcome source of employment for the whole of Europe; but an interest payment, which is far greater than the

reconstruction costs, is equally disastrous for all concerned. For even if the world's dominant financial powers pocket ever so much interest, this does not mean that a displaced resident of northern France will have their destroyed home rebuilt, nor does it reduce the French taxpayer's immense interest burden by a single centime. But everyone is afflicted by the same calamity: the devaluation of their savings through general currency depreciation, with which income growth cannot keep pace anywhere. Only the power of supranational capital rises, immense and all-dominating, to a scale that rules the world.

Liberation from the world domination of Mammonist powers is not only a national, economic and financial necessity; it is also a necessity of the utmost moral significance.

Whether through the willing cooperation of the current beneficiaries of the high-capitalist system or in opposition to them, the breaking of the bondage of interest will take place with the force of nature. After all, the Mammonist rulers of the world have long since been unable to master the global economic crisis. A rule built upon fundamentally flawed legal concepts simply cannot be sustained in the long run; it is bound to collapse.

The pretence that the state must, as a matter of necessity, turn to big capital to meet its financial needs—for which it would have to pay interest—is a deliberate deception, with the intended and almost successful ultimate aim of forcing governmental power into the exclusive service of the financial powers. But it is precisely because of the unnaturalness of this state of affairs that the rule of the financial powers over states and peoples will crumble.

This domination will crumble all the more quickly the sooner a courageous decision is taken to finance a major project on an interest-free basis.

This brings us to the second proposal, which shows the way to future the return so of a more state-centred financial policy

can be avoided.

The state covers the costs of new infrastructure projects (expansion of hydroelectric power, railways and canal construction, etc.), insofar as the funds for these cannot be raised through direct taxation, by issuing interest-free treasury bills.

We feel obliged to explain this proposal using a rather obvious example.

The example closest to us in Bavaria — the development of our hydroelectric power — is particularly suitable for this purpose, because the case at hand is applicable, *mutatis mutandis,* to any major new development.

We shall contrast how it was done with how it should have been done.

The development of Bavaria's hydroelectric power entails a cost of approximately 800 million marks at today's exchange rate. A public limited company was established for this purpose. However, this company consists solely of a few civil servants and commissioners, so that we are in fact dealing with a sham establishment by the state. The capital of this public limited company has been provided almost entirely by the state. Naturally, the so-called 'D' banks are also involved. The share capital amounts to 50 or 75 million marks.

This public limited company is now issuing, under the guarantee of the state, a massive bond issue of 800 million marks. This bond is being issued at a price of 98 per cent and carries an interest rate of 4½ per cent; it is to be repaid over approximately 63 years at a rate of 1½ per cent, beginning in 1926, the year in which it is hoped the plants will come into operation. This is how it was decided and implemented, despite counter-proposals being put forward in good time.

We must now ask ourselves: what will our Bavarian hydroelectric power cost us?

First of all, the estimated construction costs amount to 800,000,000 M

Then there's the interest on the 800 million borrowed to to years 1926, whilst the construction to 4½% 180,000,000 M

and finally the interest payable during the prescribed repayment period

712,000,000 M

Total:

1,692,000,000 M

Let us also assume a dividend of just six per cent on the paid-up share capital of 50 + 75 = 125 million marks, as long as the repayment continues, that is 37 years, then there are this a further 277,500,000 M

This, together with the above sum, gives

1,969,500,000 M

However, this is the most favourable assumption.

We don't want to get into a row over a few hundred million here and there, given that the Bavarian state is, in any case, giving away well over a billion through the bond financing it has undertaken. Giving it away to the big capitalists, who are kind enough to lend the poor Bavarian state their surplus millions — for otherwise they wouldn't be able to lend these millions

— at an interest rate of 4½ per cent.

If, as is certainly to be expected, the planned construction costs prove to be far from sufficient, new loans will of course have to be taken out, and repayment is out of the question; in that case, Bavaria's hydroelectric power will simply cost the Bavarian people so much in interest year after year that one could build a new Walchensee power station every five years. Given the highly capitalistic financing being pursued, the expansion of Bavaria's hydroelectric power actually represents no increase in wealth for the Bavarian people, but merely a welcome opportunity to invest 800 million in liquid funds at a good and absolutely secure rate of interest for big business. That is why the Bavarian state — which

in this case, the Bavarian taxpayer — must assume unlimited liability for both capital and interest (see tender conditions). It therefore makes no difference whether the power stations are actually able to supply electricity, or whether a natural disaster, such as an earthquake, destroys them, or whether they remain half-finished: the capitalists will receive their interest, even if it is paid from taxes levied specifically for this purpose.

We must also emphasise that, by issuing 800 million new securities, the Bavarian State is in fact putting 800 million beautifully printed pieces of paper into circulation, which, thanks to the special guarantees with which they are endowed, are at least as good as ordinary new paper money. The fortunate owner of a few million hydroelectric bonds can use them to buy whatever they wish. Whether they hand over these hydroelectric bonds directly in payment or insert a minor banking transaction in between is entirely irrelevant to the free exercise of the individual's purchasing power based on their ownership of hydroelectric bonds.

To summarise, the situation regarding the expansion of Bavaria's hydroelectric power is as follows: the Bavarian state is borrowing 800 million; it pays interest on this sum and intends to repay it. This will cost at least 2 billion. The expansion of hydroelectric power therefore does not cost 800 million, as the patient taxpayer assumes, but he must fork out over 2 billion for the expansion of Bavarian hydroelectric power, either through expensive electricity prices or even through taxes. Furthermore, the taxpayer must assume full liability towards the investors; the hydroelectric power plants are not, by any means, the free property of the Bavarian people, but are expressly pledged to the 'Gelbgeber'. The Bavarians do not receive cheap electricity from their Bavarian hydroelectric power stations; rather, due to the interest payments, the electricity costs approximately 3–4 times more than the actual generation costs of the electricity; that is to say, the salaries and wages of all those employed by the 'State Hydroelectric Power Stations' and

staff – workers, lock keepers, engineers, technicians, commercial staff, administrative officials, electrical engineers, office staff, etc. – as well as the expenditure on all the lubricants, cleaning materials, fuses, repair work, etc. required over the course of a year, amount to only a third or a quarter of the annual interest! Moreover, the state issues a few more wagonloads of new securities to meet an urgent need.

In the jargon of high-capitalist thinking, the whole thing is called:
'a particularly fortunate form of financing on the broad basis of a communal foundation'.

Now to our proposal:

Clear, logical reasoning must lead one to conclude: The projects are, after all, designed by our Bavarian engineers; they are built by them; Bavarian workers and Bavarian contractors carry out the work through years of arduous and diligent labour; Bavarian civil servants or businesspeople will later be responsible for managing the projects; and the entire Bavarian people, through the approval of their elected representatives, have expressed their will to develop Bavaria's hydroelectric power resources. What is more: the Bavarian people as a whole have agreed to authorise the loans required for the construction. Why, then — we ask — does the State not, in its own right and by virtue of its own sovereign authority, make the necessary funds available on the basis of the authorised loans? If the State is already willing to commit 800 million
—in relation to the capitalists— why, then, does he not issue, in place of the
'interest-bearing' 800 million in new paper notes (the hydroelectric bonds), issue non-interest-bearing vouchers from the Bavarian State Bank? Of course, there can be no question of him issuing 800 million in new treasury notes at the same time, as he does not need them straight away. To pay the workers and contractors, he would have needed perhaps 40–50 million in the first year—a sum that the Bavarian economy as a whole would not have felt in any way as inflation. By the following year,

a great many of these millions would have flowed back into the state coffers through the channels of monetary circulation, and, if at all, only a much smaller additional sum would need to be put into circulation in the second and subsequent years. Nor has any account been taken here of the matter-of-fact nature of cashless transfers, which ruled out any inflationary effect from the outset. In reality, one cannot speak of inflation at all, simply because in this case the banknotes issued are backed by newly created assets, not — as is the case with our current government's financial practices — nothing!

In recent years, there has certainly been no hesitation in turning paper into money. One may have thought — with horror — about 'backing' for this paper money, but nothing was done about it. And now, when an outstanding source of economic power is to be tapped, is the issue of a few million new vouchers, backed by full-value reserves, supposed to be 'inflationary'? Such objections may be levelled at the poor, frightened taxpayer, but not at anyone who clearly sees through the outrageous swindle of high-capitalist bond policy.

When the Bavarian revolutionary state needed a great deal of money in November 1918, it was suddenly able to print money by virtue of its own sovereign authority; approximately 120 million in completely unbacked paper money was issued, and the various municipalities of Bavaria issued their own emergency war currency: a total of 138 million, all of it 'unbacked' money for entirely unproductive purposes. That was an inflationary monetary policy. Such a fiscal policy was not, however, presented as the ideal — but it was implemented nonetheless.

Covering the state's entire expenditure by printing money is pure financial Bolshevism. Soviet Russia has, through this supposedly anti-capitalist monetary policy, fallen into complete and irretrievable dependence on big capital. Nowhere is it easier for big capital to secure economic concessions of all kinds. Austria has pursued its financial Bolshevism with great success;

and there, too, all the state's needs are met by the 'printing press'. The consequence here, too, is an unprecedented impoverishment of the middle class, rampant currency devaluation and the surrender of all national assets to foreign big capital. The fact that Austria's financial enslavement to foreign powers via foreign loans has not yet progressed further is due to the failure of any state authority to offer international capital a guarantee of the proper receipt of interest payments. It is, however, highly noteworthy that even in Austria, the construction of large power stations is moving away from the financial Bolshevism of printing banknotes, and that, for the creation of large productive enterprises, the tried-and-tested methods of Western European high-capitalist bond policy are being adhered to. Here in Germany, the land of half-measures and compromises, the land in which, alongside the most formidable display of power and energy, the most pitiful weakness and lack of character are spreading – in this Germany, which must not without reason appear to the outside world as the European Sphinx – the situation is also at its most confused in the financial sphere. Deep down, there is still a feeling that the state's needs, according to the old Frederick the Great-style formula, can only be met through collective contributions to the state: that is why tax-raising is pursued with such fervour. However, so as not to be seen as old-fashioned, such extensive homage has been paid to financial Bolshevism that we now find ourselves in possession of some 90 billion marks of beautifully printed paper money, backed by practically nothing. Furthermore, well over 300 billion marks of fixed-interest debt has been incurred; moreover, for the sake of preserving long-recognised fallacies, efforts are being made to fully socialise German property through boundless tax schemes, with the success described by Alfr. Lansburgh in the August issue of the
"Bank" has been described as follows : "The temptation to
tax evasion grows not only in direct proportion to the severity of the tax, but even much faster than this, as soon as the

circles of property owners (!) bound by traditional notions of property no longer perceive the tax as a fair contribution towards covering national costs, but as — whether intentional or not — expropriation."

We would just like to briefly draw attention to Lansburgh's view of the concept of property, for we have noted this sentence not because of the accurate observation regarding the decline in tax morality, but because of the remark about the 'circles of property owners bound by traditional notions of property'. We naturally wonder what new concepts of property — 'unbiased by traditional notions of property' — Mr Lansburgh would like to see prevail in future. In our view, there is only one unambiguous concept of property, which in simple minds can be summed up in the words:

'What is mine is mine.' The Marxist-inspired antithesis, according to which, as Proudhon says, 'property is theft', has today been transformed in many people's minds into the words – and, regrettably, also into action –: 'What is yours is mine.' We are unable to say to what extent this widespread modern concept of property has been idealised and sublimated in Mr Lansburgh's thinking, and to what extent it has been adapted to Rathenau-style forms of organisation.

The aim in the preceding discussion was to counter from the outset the repeatedly raised objection that the issue of new treasury notes amounts to inflation. We have demonstrated:

firstly, that there can be no question of 'inflation' whatsoever if new value is being created at the same time;

secondly, that the printing of hydroelectric bonds likewise creates new paper assets which have

'purchasing power';

thirdly, that in the usual method of raising funds through bonds, more new paper is printed in any case than if only the current needs for construction were to be covered by the issue of new banknotes;

fourthly, that only a very small fraction of the total demand would actually need to be met by issuing new banknotes, as the majority of payments could be made cashlessly;

fifthly, the enormous sums by which the construction of large power stations is made more expensive through the use of loan funds;

sixthly, that the customary form of financing through borrowing is tantamount to surrendering the nation's most valuable energy resources to foreign capital: It is not the general public that reaps the benefits of the work of its engineers and labourers, or of its mineral resources and hydropower, but rather consumers who must pay many times over for electricity or its by-products, such as nitrogen, due to the obligation to pay interest;

seventh, that the public as a whole has explicitly assumed responsibility for guaranteeing all these payments to the major lenders.

Only by bearing all these points in mind can one grasp the sheer incredibility of the state of our financial affairs.

It is also true of this, our second proposal, that its great simplicity and clarity do not make its implementation difficult because it is inherently difficult, but because the resistance arising from vested interests, intellectual laziness and complacency is so incredibly hard to overcome.

Precisely because we know this, we have gone into some greater detail in justifying this proposal, specifically with a view to exposing the fallacies in existing notions.

It is crystal clear that only a system of public finance management which covers current expenditure on administration, the administration of justice, the arts and sciences, national defence, etc. — that is, from the surpluses of state-run enterprises engaged in commercial activities and from taxes — whilst the costs of new initiatives, insofar as they cannot be raised through special levies, are covered by the state's own authority on the basis of the authorisation by the representative body following

the most conscientious examination of necessity and expediency, through the issuance of government bonds, appear to be covered without interest.

The concept of this ‘money creation by virtue of one’s own right’ may be briefly illustrated by an example from everyday life. In a small circle of businesspeople who know one another, someone who has received a delivery from another person tears a sheet of paper from their notebook and writes on it: ‘Voucher for 100 marks’, and signs this voucher with their name. The recipient will be able to pass this voucher on within this circle of acquaintances as if it were cash. In the neighbouring village, however, this voucher will not be accepted as money. What has the person who wrote the voucher done? He has ‘created money in his own right’. The voucher thus created, however, has only a very limited scope for circulation; it is restricted to the
‘sphere of influence’ – in this case, the individual’s circle of acquaintances.

If a local authority, in financial straits, has attractive notes printed bearing a promise to pay 50 pfennigs, 1.5 and 10 marks, and below that the names of the mayor and a few town or local councillors, this money – as we all know from the war years – is accepted by everyone just as readily as Reich currency. What has such a local authority been doing? Creating money under its own authority. Here, too, the sphere of sovereignty is limited to the boundaries of the town or municipality.

When a state such as Bavaria — as indeed happened — issues treasury certificates through its state bank, it has done nothing other than create money under its own authority. In this case, the scope of authority for this money was the whole of Bavaria.

Such money creation is, however, only permissible in all cases if the promise of payment, the voucher, is backed by the certainty of conversion into a real asset; that is to say,

that the individual or the local authority redeems their vouchers in exchange for some service or supply (for example, by the local authority accepting the emergency currency as payment for electricity, gas or water supplied), or that the state redeems this money from the proceeds of its institutions or enterprises, or accepts it at its cash desks in lieu of payment; that is to say, it accepts the hydroelectric power vouchers in payment for the electricity or nitrogen supplied, or allows railway tickets to be paid for with them, thereby providing transport services or delivering letters. If such fulfilment underlies the paper notes, and insofar as such fulfilment is actually carried out, such money creation is, in its own right, absolutely permissible and also commercially sound – just as sound as any promissory note, the assumption of a bill of exchange or a payment on a fixed date.

Such 'money creation' cannot be prohibited at all, as the Reich Government's new decree—which bans the issue of emergency money—attempts to do. This ban offers those in the know a very deep insight, for it reveals the Reich Government to be entirely dependent on the unilateral interests of big lending capital, whose entire power rests on the maintenance of the interest-rate mania. Once the realisation has become common knowledge that the state does not possess the means to ensure the payment of interest on the billions held by big lending capital, money will once again be channelled much more towards its actual purpose as a means of production for the economy. Money will then be displaced from its dominant role and will once again become the servant of the economy, the role for which it was invented and created. It will then also become much easier for every hard-working and capable person, and for every industry, to raise working capital for the expansion and improvement of their businesses, because the mere money-holder will no longer be able simply to buy government securities that yield him a secure return; rather, like any other businessperson — if he does not wish to keep his money lying idle as non-interest-bearing treasury money or savings in a safe —

he must seek investments for his money, must put that money at risk, and must himself offer it in competition with the enormous sums that, following the abolition of the state's interest payments, will be seeking investment, undercutting one another in their bids to those who are enterprisingly establishing new enterprises.

Quite the contrary to the frequently voiced fear that, once the bondage of interest is broken, no one will lend their money any more, we shall see that meeting the demand for money will never be easier or cheaper to achieve than under the pressure to supply that money holders will face once the stronghold of modern capitalism—the state's interest-driven madness—has been abolished.

For this reason, it will not be necessary to impose a general ban on interest, even for private individuals, as we know from medieval history. Such general bans on interest constituted such a severe encroachment on the individual's right to self-determination that they would inevitably have been repeatedly breached and circumvented. Everyone should remain free to allow the person who, through a loan, has enabled them to set up a business, establish a factory, etc., to share in their profits. This concerns private agreements.

The aim and purpose of the reform of public finance that we propose cannot be to solve the problem of interest by imposing a general ban on interest, thereby providing the private sector with a cheap or interest-free source of funds, but solely to create the conditions for a structure of the money market that is conducive to the production of goods, as a side-effect of the main task: the liberation of the state and the people from the bondage of interest to supranational financial powers.

To complement these two major fundamental demands, a third measure to be pursued for Germany is the nationalisation of the Reichsbank. This is not the place to justify this in detail or to point out that it is in itself a bold move and

calculated on the ignorance and carelessness of the population that the 'Reichsbank', despite its name, is not a state bank but a public limited company to which the state has conferred, amongst other special privileges, the privilege of issuing banknotes in particular. It is not yet too late, for it is never too late to turn back.

But this turnaround must be carried out resolutely and without half-measures, lest a general moral, economic and political decline seal Europe's downfall.

Longing and Hope

Introduction to the first edition of the treatise 'The German State on a National and Social Foundation', 1923, German —Völkische Verlagsbuchhandlung, Munich, now Issue 35 of the 'National Socialist Library', 43rd to 47th thousand

We look to the future with longing and strong hope. Germany will live on; Germany cannot perish. Germany is being shaken, as if by the overwhelming birth pangs of a new era. The of the dreadful dross of its own guilt, as well as its foreign tormentors, will fall away and be shaken off with a mighty jolt, and Germany will march at the head of the nations.

Were it not for the great suffering and hardship associated with collapse and downfall, we might participate in the formative days of a new era with a certain sense of joy. When we lift our gaze above the lowlands of the day, above the turmoil of the present, we see everywhere a powerful will, earnest labour and brilliant intuition. The German soul is spreading its wings for a new flight to greater heights.

The tasks facing us today are immense, greater and more arduous than ever before in the Germans' long and painful history.

We must therefore tackle a twofold task: to renew the state and the economy — not merely to 'rebuild' them, but to give them a new form. This

form will thereby also be given to the cultural and intellectual life of our people.

The age-old German yearning for a united Germany must at last become a reality; a new economic order will emerge and sweep away the appalling interest-capitalist economic system.

So vast and overwhelming are the tasks that lie before us. The spirit of the past stands behind us, solemn and admonishing; with reverence for what has become history, grounded in the firm foundation of the finest German tradition and rooted in ancient Aryan wisdom, the people and the state, the economy and culture must be recreated.

Those who carry out this work must be aware of their immense responsibility, yet they are sustained by the hope of the entire people — for freedom!

The National Socialist ideal, however, is much more than merely a return to or a reversal of the old customs of our forefathers; it breaks the chains of the Marxist form of state and economy; it is the first and most resolute to consciously wage the most arduous struggle against the forces of Mammon, against the global power of pan-Jewish imperialism, against the spirit of greed, selfishness and indifference.

This great, universal German freedom movement finds its most powerful, most resolute and most determined champion in the National Socialist German Workers' Party. The Party has set out its objectives in a concise

programme, which summarises the movement's fundamental demands in 25 bullet-point sentences. Alfred Rosenberg, the chief editor of the
Völkischer Beobachter, the battle cry of the National Socialist movement for Greater Germany, has kindly explained the programme points individually in a short pamphlet. On the basis of this pamphlet, it is at least possible to tell friends and foes alike what the National Socialist German Workers' Party wants. However, National Socialist literature still lacks a more comprehensive work that sets out the political and economic principles on which National Socialism is based, and the paths it intends to take in terms of state policy in order to achieve its ultimate goal: the National Socialist German State, the state of labour and achievement. The present work aims to fulfil this task. We shall therefore have to examine the starting point, the path and the goal of National Socialism; we shall show in what respects the German National Socialist state will differ fundamentally from the existing state, which areas will remain essentially unchanged, in which areas there will be significant reforms, and where fundamentally new paths will have to be taken.

We will have to seek out and demonstrate new approaches to public life, particularly with regard to government fiscal policy, the handling of the race issue and related matters. We will also have to

fundamentally address the opposing objections, distortions and lies that have already been voiced.

The task we have set ourselves is immense, and yet it is only a small part of the overall endeavour to renew Germany.

All our efforts would be in vain unless a resolve to die for the cause and an indomitable leadership create the conditions for these ideas to be effective.

Even the strongest will would be wasted if we did not carry within our hearts an unshakeable and clear vision of what this German state—what Germany, the land of our fathers and children—should look like according to our will—after our victory!

Munich–Murnau, September 1923.

Gottfried Feder.

Announcement
in the *Völkischer Beobachter* of 9 November 1923

Pending the enactment of legislation governing the entire monetary and credit system, all banks and other financial institutions shall be stripped of their status as private-law entities and placed under state supervision; any alteration or transfer of assets shall be punishable.

The Finance Committee:
signed Gottfried Feder.

The chance coincidence that, on the day of the 'Hitler putsch' which took place that evening, I happened to be at the Munich Bank – where I had held my savings, which had been devalued to a fraction of their original worth by inflation – to collect this deposit, which I had requested long beforehand but which had not yet been fully prepared and which I therefore did not take with me, led my opponents and the opponents of our movement to to accuse me personally – the person who had issued the announcement mentioned above – of 'underhand dealings' and the like. I was forced to bring several legal actions on this account, and I shall continue to do so time and again whenever this accusation – which is intended to strike at our movement through me personally – is levelled against me.

Following one of the most recent judgements in one of these lawsuits, the *Völkischer Beobachter* (8 September 1932) published the following remarks:

The final settlement of a brazen lie: Mr Feder's 'diverted' bank balance.

Some time ago, Gottfried Feder – even though the Nuremberg Marxist newspaper, the *Fränkische Tagespost*, had already been condemned for the immortal lie about Feder's 'diverted bank balance' – was, for a change, slandered by the 'Blacks', who brazenly repeated the same hoax, already branded as such, concerning the 'set-aside' bank deposit at the Sebaldusverlag, a publishing house close to the Bavarian People's Party; G. m. b. H., Nuremberg, in a pamphlet by Troßmann, a Member of the Bavarian People's Party. This publishing house did not shy away from exploiting precisely this lie as a sales gimmick for the book in countless leaflets.

Now these people have finally been silenced. Under 2 June of of , the IV. Civil Division of the

Nuremberg–Fürth Regional Court

in the matter of

Gottfried Feder, represented by Dr J. Müller II, solicitor, Nuremberg,

v

1. Sebaldusverlag, G.m.b.H.—, Nuremberg,
2. K. Troßmann, M. d. R., Nuremberg, Goethestraße,

the final judgement, whereby the defendants are prohibited, on pain of a fine of an unlimited amount or a term of imprisonment of up to 6 months, from further disseminating the defamatory allegations concerning the alleged withdrawal of the bank deposit on 8

November 1923. The defendants are further prohibited, on pain of the same penalties, from further disseminating the allegations contained on pages 142, 143 and 144 of the book 'Hitler and Rome'.

This brings to an end a monstrous lie, the vileness of which is without parallel. As will be recalled, Gottfried Feder – appointed Minister of Finance by Adolf Hitler following the coup in November 1923 – immediately issued a decree on the night of 8–9 November 1923 placing all banks and banking transactions under state supervision in order to curb usury in the banking and stock markets, as well as speculation. The decree also expressly prohibited the transfer of assets. It did not involve any interventions or seizures of a property-related nature. It was purely by chance that, whilst following up on correspondence with his bank and as a result of the catastrophic devaluation , he wished to withdraw the meagre remainder of his securities – a withdrawal for which he had been expressly instructed by his bank – and that this withdrawal happened to fall precisely on 8 November. It must be clear from the outset to any right-thinking person that there is no causal link whatsoever between the two events. This, of course, did not in any way prevent the Marxist and black press from, for the past 8 years, using this as a masterstroke to defame the Pg.

to discredit him by repeatedly claiming that, in order to save his own assets from the confiscation he intended to carry out, he had hurriedly collected – or attempted to collect – his documents from his bank, thereby contravening his own principles, which he publicly advocates.

In a 20-page judgment delivered following a thorough hearing, which had been prepared by numerous written submissions, the Nuremberg court clearly and unequivocally stated that the allegations made by the Bavarian People's Party MP Troßmann were untrue. The court points out in particular that it is clear from the People's Court's files that Feder's visit to his bank was merely a consequence of correspondence that had been ongoing with the bank for weeks; the custody account had been closed on the express grounds that Feder did not agree with the charges and commissions charged, as he considered them exorbitant. These facts have been confirmed under oath by the owner of the bank and by the bank clerk on duty. The judgement states the following verbatim:

'The court has established, through the letters of 10 and 26 October 1923 and the notification of 29 October, that the claimant merely wished to withdraw the securities in accordance with his previously expressed request on several occasions. There is further evidence against a postponement , as it is clear that

Nor has he withdrawn that portion of the securities at his disposal. Above all, however, the defendant maintains that the Finance Committee's announcement does not constitute a seizure of the securities held in custody at the banks; only the alteration and transfer of assets are subject to penalties. The announcement did not infringe upon the property rights of the holders of securities. It was merely a measure taken in the wake of the upheaval to prevent phenomena such as capital flight, etc. According to the aforementioned programme of the National Socialist German Workers' Party, the claimant had nothing to fear for his private securities.

In the light of these unequivocal findings, the defendant can no longer adduce evidence that Feder intended to withdraw the securities in view of the new government's position on privately held securities ."

All other possibilities – indeed, even the question of whether Feder had any knowledge of the impending coup – are therefore no longer relevant to the assessment of the case as a whole, for it makes no difference whether the portfolio, which had once represented a vast fortune, still had a residual value of a few thousand marks or was to be regarded as completely worthless in the midst of the horrific inflation; under no circumstances can a connection be established between the — indeed nor not even

carried out the seizure of the deposit — and the announcement ordered by Feder regarding the banks' placement under state supervision. The order was not intended to involve any interference with property rights or confiscations. Gottfried Feder had no knowledge of Adolf Hitler's intentions for the evening of 8 November 1923. It was expressly established in the major Hitler trial that only a very small number of Hitler's military associates were aware of the putsch. It is therefore impossible under any circumstances to infer any conduct on the part of Gottfried Feder that would be detrimental to his personal honour.

The lie by the withdrawal Feders is thus finally settled.

Establishment of social housing and economic banks to alleviate the housing shortage

First published in the 'Press Service of the National Socialist Freedom Party' on 7 June 1924

On 28 May 1924, the parliamentary group of the National Socialist Freedom Party tabled the following draft bill in the Reichstag:

The Reichstag be resolved to grant constitutional approval to the following draft bill: Draft Bill concerning the foundations for social building and economic banks to alleviate the housing shortage.

The Reichstag has passed the following Act, which is hereby promulgated with the consent of the Reichstag:

Article I. The Länder are authorised to grant approval for the establishment of one social housing and economic bank each to alleviate the housing shortage.

Article II. The following fundamental provisions shall apply to these building and economic banks:

§ 1. The Housing and Economic Banks (B.W.B.) are legal entities of the public law.

Legal personality is conferred by the central authorities of the federal states in accordance with existing legislation.

§ 2. The B.W.B. have the task of alleviating the housing crisis and stimulating construction activity by granting loans for other economically valuable purposes through , issuing stable-value, real-asset-backed, secured, on

to grant bearer securities denominated in Goldmark (construction bank certificates) or non-cash loans.

§ 3. The total amount of funds to be made available within a Baubank is subject to the approval of the Reich Supervisory Board (f. I.) for Construction and Commercial Banks.

§ 4. The issue of the building bank certificates or loans referred to in § 3 may only take place in such a manner and in such a legal form that the total sum of the building bank certificates issued and currently in circulation, and the loans drawn down, is fully secured by real property pledges (first-rank real collateral, in particular real encumbrances, mortgages, pledges of property, transfers of ownership by way of security, and the like). The repayment or recovery of the grants awarded must be secured from the proceeds of the buildings to be constructed or other undertakings within the agreed time limits, and at the latest within fifty years.

§ 5. Funds made available to tackle the housing shortage, or intended for these purposes—in particular the portions of the B.W.B.'s rent tax available for this purpose—shall be made available as the basis and reserves.

§ 6. The cash certificates issued by the B.W.B., which are denominated in amounts of 1, 2, 3, 5, 10, 20, 50 and 100 gold marks, shall bear the following inscription:

'The totality of all cash vouchers issued by the ... B.W.B. is fully valuable and permanently

secured by the total sum of all pledges and securities of every kind (encumbrances, etc.) established in favour of the … B.W.B. At least 2 per cent of the notes issued are redeemed annually. Insofar as redemption does not take place through repayments and settlements by the debtors to the B.W.B., the remaining amounts of the notes to be redeemed annually are called in by publication in the . . . Those who surrender the called-in notes shall receive the face value in gold and gold-equivalent means of payment, based on the settlement value of . . . grams of fine gold for 20 marks.

The issuance of cover and the redemption of all notes issued by the B.W.B. are subject to ongoing supervision by the Reich in accordance with the Act of . . .

§ 7. All pledges and collateral constitute a unified cover pool, such that all pledges and securities established are jointly and severally liable for the total sum of all cash certificates currently in circulation relating to the loans drawn down.

A public register shall be kept by the . . . B.W.B. of all components and rights of the security pool. Any person who can demonstrate a legitimate interest therein shall be permitted to inspect this register or the individual parts thereof.

§ 8. The B.W.B. shall agree with the applicant, on a case-by-case basis, the amount and instalments of a loan transaction, the from the debtor to

collateral and pledges to be provided by the debtor xml-ph-0003@deepl.internal from xml-ph-0002@deepl.internal to xml-ph-0004@deepl.internal, as well as the amount of the instalments and repayments and the other general terms and conditions, on a case-by-case basis with the applicant. In doing so, provision must be made for the debtors to make repayments in B.W.B. cash vouchers or in gold-backed, stable means of payment which comply with the redemption obligation referred to in § 6.

The legal relationship to be agreed with the applicant must comply with the provisions of the Act and any other conditions and requirements laid down by the competent authorities.

The B.W.B. is entitled to impose surcharges or fees to cover administrative costs incurred in the disbursement of the subsidies and for the annual collections.

B.W.B. cash vouchers shall be accepted and issued at all... state treasuries of the relevant province and at the Reich treasuries located therein.

§ 9. The forgery of B.W.B. cash vouchers shall be punishable by the same penalties as the forgery or misuse of state means of payment.

Art. III. The B.W.B. are subject to the permanent and ongoing control and supervision of the Reich. To this end, a Reich Supervisory Board for the Construction and Economic Banks shall be appointed. This shall consist of: a) the President, who shall be appointed by the Reich President; b) two directors, one of whom shall be appointed by the Reich Minister of Finance, and

by the Reich Minister for Economic Affairs benannt ,

c) comprising 4–8 advisory councils, which are delegated by the Reichstag for the duration of its term.

The Reich Supervisory Board has its seat in Munich.

Explanatory Memorandum

1. General

1. Germany currently has more than two million homeless people. The housing crisis is predominantly concentrated in the cities. In some cases, 10–15 per cent of the urban population is homeless. (Munich has 27,000 homeless families.)

Construction activity has come to a complete standstill; as a result, brickworks, lime works and other building materials manufacturers, as well as the entire ancillary construction sector, are out of work.

All the raw materials required for construction are available in sufficient quantities in Germany: timber, clay, stone, lime, glass, sheet iron, etc.

Millions of unemployed people are placing an enormous financial burden on the state and local authorities.

The picture is therefore as follows: on the one hand, all the building materials required for the construction of houses and buildings are available; on the other hand, thousands of workers are unemployed, compounded by a dire housing crisis. How is it that we are unable to bring the workers to the building materials and use them to build houses?

2. The reason given for the standstill in construction activity is that the capital required to properly revitalise the construction market is lacking, because that capital has more profitable and promising investment opportunities elsewhere.

The following are indisputable facts: As a result of the compulsory rents associated with the unreasonably inflated municipal services, such as street cleaning, refuse collection, chimney sweep's wages and the like, home ownership has in effect been socialised; the former middle-class homeowner now retains only formal title to the property, with the obligation to act as a tax collector, and has been stripped of its former capital value. Similarly, the former mortgage creditors—particularly the trustees who had invested their money in mortgage bonds guaranteed by the state—have been deprived of their assets through this form of socialisation of home ownership; in other words, the capital invested in houses has been destroyed and devalued. Anyone who today can obtain external capital on a first mortgage from mortgage banks under particularly favourable circumstances must pay 15–20 per cent per annum in interest. As the cost of liquid funds currently stands at 100–120 per cent per annum, only limited amounts of capital were available for investment in unprofitable property, all the more so as funds invested in property are openly visible to the tax authorities and the financial world fears that this visible property may also in future be subject to particular

tax burdens and complications.

3. In previous years, attempts were made to alleviate the housing shortage by providing substantial subsidies from public funds for the construction of small dwellings. Neither the Reich nor the Länder nor the local authorities are now in a position to continue allocating considerable funds to such non-repayable subsidies.

From an economic and fiscal policy perspective, this system of subsidies is and always has been misguided. In reality, such subsidies amounted to gifts to a few isolated members of the public at the expense of the general public, without this squandering of public funds having achieved any tangible effect in combating the housing shortage.

There have been instances where the owners of such houses, built with public funds, have circumvented the prescribed restrictions were to secure a not inconsiderable profit from their property.

In any case, it has become apparent that this system of subsidies cannot bring about a tangible revival of the housing market.

4. One of the main reasons for this insufficiently noticeable alleviation of the housing shortage was the fact that efforts were made only to build owner-occupied flats or houses, or only such publicly supported. It is

It is certainly a laudable aim to settle workers, employees or other members of the population in the countryside, thereby binding them to the land and making them put down roots. It remains a social duty to promote these efforts, insofar as circumstances permit. However, this lies exclusively within the social sphere.

As far as tackling the housing crisis as such is concerned, it must be emphasised that the solution lies in the provision of housing, regardless of whether it is owner-occupied or rented. In light of the current economic circumstances, it must be expressly emphasised that stimulating the construction of rental housing, alongside the creation of owner-occupied homes, appears indispensable if a tangible remedy for the housing shortage is to be achieved. For hundreds of thousands of workers, employees and civil servants, owner-occupied housing is entirely unsuitable, as it would merely restrict their freedom of movement. Many of the professions that are inevitably tied to the city, and the people working in them, should be able to change their place of residence and their home without difficulty if they can achieve better prospects or make better use of their labour elsewhere. For thousands, a small house of their own or a flat in a co-operative housing scheme is certainly the goal of their dreams; but tens of thousands of others find their joy in life in other things. Tens of thousands should not

simply have to save constantly to pay off a home of their own, whether they wish to use their modest spare funds for walks in the countryside, holidays or other pursuits.

Social housing deprivation as such must be eliminated and tackled. To this end, it is both sufficient and necessary to provide a sufficient number of homes. If, from this perspective, a significantly greater number of rental properties can be built using the same resources, this is preferable to a limited number of owner-occupied homes.

5. The starting point for revitalising the housing market must therefore be regarded as follows: to stimulate private initiative by ensuring that, for the man of modest or moderate means, building a house once again becomes a promising and profitable venture, providing him with an incentive to use his savings or his available small or moderate capital specifically for this purpose. Private ownership, the prospect of building a house or acquiring a larger housing complex, gradually paying it off to secure and bequeath an asset to one's children and family— , this has always been the incentive for providing a sufficient number of rental flats. Only by reviving these conditions can the housing shortage be addressed.

The public sector is, in principle, ill-suited to the construction and maintenance of rental properties; experience shows that such properties all too easily fall into disrepair and neglect because they lack the personal interest that individual small and medium-sized homeowners have in their properties. Experience shows that a homeowner living in their own house acts as an unpaid worker, constantly and daily ensuring the upkeep of the property and remaining actively involved.

Co-operative, non-profit housing organisations are desirable and should continue to be encouraged. Where circumstances make it appropriate, municipal housing construction should also be encouraged. Emphasised

However, it should be reiterated at this point that private property and private ownership are, and must remain, the most natural foundation and the most common form of home ownership, unless one wishes to harm the body of the nation through experiments such as the misguided socialisation of housing under the former command economy.

2. The Social Building Bank

1. In view of the economic differences between the individual Länder, it should remain at the discretion of the Länder whether they wish to establish a social building and economic bank; only in the event that this should then the by the set Kingdoms guidelines for the issue of the Baubank—savings certificates and their coverage must be decisive. Such decentralisation is also necessary and desirable for practical reasons. Through its composition and activities, the proposed Reich Supervisory Board is to be the body which ensures the uniform administration of the building bank system in the individual states and provides the public with the necessary assurance that the guarantees for the building bank —savings certificates are strictly adhered to.
2. The individual building societies are operated by public-law bodies established specifically for this purpose. This legal form is therefore preferable to those of a public limited company or a cooperative , because at the

public-law body involves no private interest of any kind. In the implementing provisions to be enacted implementing provisions to be issued will provide that, in the event of the B.W.B.'s legal personality ceasing to exist, its residual assets shall revert to the State. By being granted the legal status of a public-law body, the B.W.B. is elevated above companies governed by private law. This confers upon its cash certificates a significance that goes beyond that of ordinary private law.

3. The B.W.B. cash certificate is a bearer instrument within the meaning of the German Civil Code (BGB). Its purpose is to circulate, that is to say: to serve as a means of payment without being legal tender. The cash certificate is denominated in gold.

No cash certificate is issued unless there is prior cover for it. If, for example, a building cooperative wishes to construct a block of flats comprising 10 small flats at a total cost of 80,000 gold marks (each flat costing 8,000 M.), the co-operative must first have raised 20,000 gold marks in land and property from members' contributions or from other municipal grants; in other words, barring specific exceptions, the B.W.B. will only issue cash certificates to an applicant once the latter already has a corresponding encumbered asset amounting to approximately 25 per cent of the total construction costs. In the above example , the B.W.B, from the

On the basis of the existing land value and the cash on hand, the Baubank issues 20,000 M. in Baubank cash vouchers against the prior urgent pledging of the existing assets. With the funds thus obtained, construction continues until a third and, finally, a fourth instalment can be paid. The final outcome is that a building with construction costs of 80,000 M. is ultimately completed, for which 60,000 M. in B.W.B. notes were issued, and for which a first-ranking mortgage of this amount has been registered against the property. The notes are therefore fully backed by tangible assets; the coverage is greater than banknotes have ever been backed in peacetime. (In reality, incidentally, a significant proportion of the loans granted will be settled without the use of cash.)

Furthermore, for the duration of the construction work—that is, until the structure is completed—other temporary forms of security may be stipulated and and obtained, such as

B. guarantees, the deposit of bills of exchange or securities, transfers of ownership by way of security, and the like. General instructions in this regard are to be set out in the implementing provisions.

Provided the B.W.B. management handles matters appropriately and conducts business with sufficient prudence, precautions can always be taken to ensure that sufficient cover remains available even during the construction period. To provide further cover, in particular to procure the initial operating funds and the initial collateral, and for

the future, the Länder shall, from the outset, endow the B.W.B. with appropriate assets as a reserve fund, e.g. by transferring the rental tax revenues earmarked for construction purposes.

Such funds allocated by the Länder for this purpose need not be converted into cash; they serve initially only as provisions and to enhance the security and resources of the B.W.B. during the initial period.

4. The circulation of building bank notes. The building bank notes issued to property developers are used by them to pay contractors, for building materials and for wages. From there, they flow into the general public. The property owner requires their tenant, or the co-operative its members, to pay the rent in Baubank notes. Tenants obtain these Baubank cash vouchers from the general circulation. The landlord or the co-operative repays the agreed instalments to the B.W.B. annually or quarterly in Baubank cash vouchers (these repayments constitute amortisation), and are thus deducted from the total amount of the debt. With a repayment obligation of 5 per cent, the properties are paid off in 20 years. (To cover its own expenses, the bank levies a small, one-off deduction on the initial disbursement and, on the annual repayments, for the associated with

depreciation and bookkeeping costs, a surcharge of approximately ½ per cent.

5. From these returns received by the B.W.B., the B.W.B. carries out the statutory redemptions of the B.W.B. notes in accordance with the contracts with the developers. In the case of non-cash circulation, the total amount of credits issued is reduced by the annual repayments, which are then likewise made non-cash or in the form of other means of payment, and, correspondingly, the total amount of securities entered in the ledger is reduced by the total sums of the repayments made.

If the party liable for repayment finds it difficult to obtain B.W.B. notes from the open market, repayment may be made in standard means of payment converted at the gold rate, whereupon these sums will then be issued to new borrowers in place of Baubank cash certificates. , the effect is the same as if the amounts due for repayment had been paid in Baubank cash certificates and an equal amount had been issued in new Baubank cash certificates as collateral.

The obligation stipulated on the Baubank cash certificate to call in Baubank cash certificates in order to exchange them for gold or gold-equivalent means of payment therefore does not, in practice, arise in the ordinary course of business. In practice, this obligation can only become acute if repayments do not reach the

prescribed amount were to be received, that is, if the debtors were to fail to meet their obligations. In such cases, which are very rare in practice, the corresponding redemptions would have to be made from the reserves made available by the Länder from the outset. It is a matter for the implementing regulations and the contracts with the borrowers to provide for appropriate conditions and clauses whereby individual losses can be passed on to the body of borrowers as a whole and compensated for by them.

In practice, such defaults will account for only a very small percentage of the total in circulation, which can easily be offset by other measures (co-operative purchasing of building materials). The in

The obligation contained in B.W.B. notes to redeem them for gold upon request therefore practically never arises, or only in very rare exceptional cases. This wording on the note instils in the public an awareness of the absolute gold-backed security that underlies the B.W.B. notes.

3. The economic value of this institution lies in the fact that the establishment of the B. W. B. makes it possible to

build extensively and cheaply.

1. A simple calculation illustrates this. Let us assume a construction cost of 8,000 M for small flats.

a) If this 8,000 M is to be raised, as has been the practice to date, by obtaining 3,000 M in first-rank mortgages from mortgage banks, and by

funds from the Reich or the public, a second mortgage of 3,000 M. is provided at a moderate interest rate of 15 per cent, these amounts require annual interest payments: the building mortgage at just 15 per cent calculated, of 450 plus 450, equalling 900 M. In this example too, a further 2,000 M. must then be raised by the developers or homeowners themselves, either in the form of land or other resources. These 900 M. in annual charges represent only the interest on the capital. In addition, the annual cost for municipal facilities, maintenance, repairs, etc., must be estimated at 200 M. Such a small flat therefore costs the owner 1,100 M. in rent each year, a sum that no one can afford to pay for a small flat. This does not take into account the fact that the state or the public sector are not in a position to lend mortgage funds at 5 per cent as long as they themselves have budget deficits or have to borrow at high interest rates for other purposes.

b) If BauBank savings certificates worth 6,000 M. are issued, and a repayment rate of 5 per cent is agreed, then 300 M. must be paid annually. Added to this are 300 M. in maintenance costs. The flat is therefore 33 per cent cheaper than the one financed under point (a).

2. A further economic benefit lies in the fact that the opportunities available to the man of modest and middle means— B.W.B.—loans to —encourage

to be invested, be it in small or medium-sized capital for construction purposes. In this way, money is diverted from useless, unproductive speculation and channelled into productive labour.

In this way, all sections of the population are drawn into the revitalisation of construction activity. In particular, medium-sized and larger enterprises can also be encouraged to make building land and initial capital available for the benefit of their workers.

It remains the responsibility of the Supervisory Board and the parliamentary oversight body described herein to issue ongoing instructions and to ensure that the benefits of the B.W.B. loans are made available and allocated to all sections of the population in an appropriate manner.

4. Objections

1. The objection regarding inflation.

It will be objected that the issue of these B.W.B. notes has an inflationary effect. This objection is unfounded. Inflation arises only where additional purchasing power is created to an exceptionally high degree by unbacked currency; minor, insignificant deviations from full backing have never in themselves caused inflation. Inflation arises only when unbacked currency is issued on a substantial scale. Here, every banknote is backed from the outset; no additional purchasing power is created at all.

2. The B.W.B. cash certificates would oversaturate the market for means of payment and thereby also have a detrimental effect on the state's other currency notes.

This objection is unfounded. The amount of B.W.B. notes to be issued is limited for each state by the supervisory body from the outset.

Moreover, given the current shortage of liquidity, it can only be beneficial if the B.W.B. notes and the simultaneous revival of the construction market lead to greater liquidity. Depending on the state of the money market, the B.W.B. may be instructed to issue a larger or smaller proportion of its loans in the form of building bank notes or non-cash credits. To begin with, the percentage of building bank notes coming into circulation is so small that it is of no significance whatsoever compared with other general means of payment.

3. 'The B.W.B. notes would not be accepted by the public.' When one considers that the public accepts the unbacked trillion-mark notes despite being aware of the lack of backing, that the public uncritically accepted every form of emergency currency issued by the towns, that it accepted Reichsbahn cash vouchers, and indeed, during last year's liquidity crunch, accepted all manner of monetary surrogates from banks and individual firms, this objection must be dismissed as entirely unfounded from the outset. However, this is a fully backed currency. All that is required is the corresponding information provided by the to the authorities

to ensure that the currency can be introduced without difficulty. Furthermore, the authorities and local councils have ample means at their disposal to ensure that individual firms do not refuse to accept the currency. Any construction firm would rather be awarded a contract and accept payment in construction banknotes than remain idle.

If the public is first made to understand that these banknotes, backed by tangible assets, and their exchangeability will alleviate the housing shortage, then the public will willingly accept these notes, all the more so as they have the guarantee that these notes are not subject to inflation, or rather that they will not be affected by any future wave of inflation, because they are denominated in gold and are fully backed by tangible assets.

5. Legal

1. The securities in the form of a real charge on immovable property are to be registered. The obligation under the real charge consists in the fact that, from the immovable property or from its articles of association, annually the specified sum of Baubankkassenscheine must be delivered from the property or from the articles of association thereof. The amount of the real charge is determined numerically on the basis of the total loan received.

This form relieves the B.W.B. of the other obligations that apply to mortgage banks and similar institutions.

2. The public register of the Cover Association serves as proof that and are covered by which properties the

total amount of Baubank notes and credit notes in circulation.

It is a matter for the implementing regulations to lay down more detailed provisions on the structure and management of the public register. The aim is not to create a cumbersome, bureaucratic procedure. It is sufficient for the register to contain the following entries: the property and its owner, evidence of the security provided, the amounts of the loans granted, the amount of the annual repayments due, and the repayments actually made. All other information is to be compiled in the annexes to the public register; the annexes must therefore include: the relevant extracts from the land register, notarial deeds, the contract with the borrower, etc.

3. The purpose of the audit is, and is limited to, ensuring compliance with the provisions laid down in the Act. It therefore serves primarily to verify the collateral and the repayments, thereby providing the public with a guarantee that no building permits are issued without adequate collateral and that collection is carried out in accordance with the Act.

The Supervisory Board naturally makes use of appropriate auxiliary bodies, such as auditors, inspectors, etc., to carry out the supervision.

Concluding Remarks

The housing shortage and the stagnation of the construction market are among the principal evils of our time. These problems cannot be resolved through the conventional and traditional reliance on private capital

be remedied. Therefore, there is no alternative but to combat this problem with new, extensive measures. No harm can result from the introduction of the B.W.B., as it is possible at any time to suspend the B.W.B.'s activities.

Grants and subsidies to individual private citizens from public funds only worsen the general state of the economy and the financial situation, as every such misguided measure has repercussions for the whole. The B.W.B. places no burden whatsoever on the state; rather, it enables it to build housing on a large scale. It is therefore essential to give the federal states the opportunity to establish the B.W.B.

The Dawes Pact

From Issue 7 of the *Nationalsozialistische Bibliothek* (1928) and from the *Stenographic Reports on the Proceedings of the Reichstag* (2nd legislative period, 1924)

International law defines the concept of the sovereignty of a state in general terms by specifying which unrestricted sovereign rights a state must possess in order to be regarded as a sovereign state, that is, as a state which is in free and unrestricted possession of its sovereign rights.

There are five sovereign rights: territorial sovereignty, military sovereignty, fiscal sovereignty, administrative and transport sovereignty, and judicial sovereignty.

If even one of these rights is lacking, or is restricted, such a state can no longer be regarded as a fully sovereign state. We are thinking here of the old Turkey, which, although known as the 'Ottoman Empire', was forced to enter into the well-known 'capitulations' with the great powers, which undermined its judicial sovereignty. Consequently, nationals of foreign states were removed from Turkish jurisdiction and placed under that of the consulates. Nevertheless, Turkey retained full control over its borders, had its own military, and

internal administration that was entirely independent of foreign powers, was completely independent in terms of legal proceedings concerning its own subjects, and, despite its extremely heavy foreign debt, retained full control over its financial sovereignty.

By contrast, the 'Empire' of India was, from a constitutional point of view, considerably more restricted than Turkey before the war; despite maintaining the outward form of an
'Empire', was essentially nothing more than a British colony. The military was staffed by British officers in all key command posts, as were the main administrative offices; everywhere, British residents sat alongside local princes; the title of Emperor of India was linked to the British Royal Family; and the so-called Viceroy of India was a British subject. A country such as the Kingdom of Bavaria, as a federal state of the German Empire, possessed, in comparison with India, significantly greater political freedoms and sovereign rights; indeed, these were, in essence, complete, save for certain voluntary federal agreements with the Empire. Bavaria had its own military, its own mint, its own railways, postal and transport administration, and its own judicial administration; as a sovereign state, it had its own foreign representations and a sovereign head of state. Only in the event of war was supreme command vested in the German Emperor, and agreements under imperial law had been concluded with Prussia and the other federal states regarding the minting system, via the currency the administration of justice

etc., agreements had been concluded under imperial law with Prussia and the other federal states.

The German Empire, which had been proclaimed on 18 January 1871 in the Hall of Mirrors at Versailles by the greatest political genius of the German people, Prince Bismarck, following a victorious campaign waged with 'blood and iron', took its place as the youngest and most powerful great power alongside the oldest sovereign states of Europe: England, Russia, Austria, France and Italy. (Alongside these six great powers, the press was, as is well known, subsequently described as the seventh, having already been declared the fifth great power by Napoleon.)

In full possession of its sovereign rights, Germany, within a few decades of achieving national unity, also emerged as an economic power of the very highest order, leaving the older empires far behind and setting out to surpass even England in world trade and global commerce. Truly a rise in such a short time as the world had never seen before!

The gleaming armour of the German army and the steel colossi of our navy protected Germany's borders and sailed under the German merchant flag. An exemplary system of internal administration, an exemplary administration of justice, an exemplary railway and transport system, and a sound monetary system were the pride of the Germans, the envy of all their neighbours, but also of the envious and the obscurantists within the country.

This Nordic-inspired empire was the object of the whole world's hatred. World Freemasonry and world Jewry, the global financial powers, England's commercial jealousy, France's desire for revenge, and Russia's drive for expansion—all these, united by envy and hatred, joined forces in the struggle against this Germany of work and achievement, of order and cleanliness, of duty and tireless diligence; against the country in which there still existed values that could not be discounted: the honour of civil servants and officers, incorruptibility, a spirit of sacrifice, loyalty, pride and courage.

Twenty-six states were at war, and Germany's victory hung by a thread, despite the enemy's overwhelming superiority and in the face of all the hardship and deprivation; the external enemy would not have been able to defeat Germany militarily had the Marxist revolution within the country not come to the enemy's aid.

It was necessary to recall this here, on the one hand to show that this war was about much more than just some province or purely dynastic interests, and on the other hand, to clearly illustrate the terrible decline in terms of constitutional and international law, the difference between then and now, and finally also to imbue the purely sober, abstract consideration of international law with blood and life. For we have as German people not
to pursue 'unbiased' science, but to view everything from a German perspective.

Viewed in this light, the Dawes Pact takes on global political and constitutional significance of the utmost magnitude, far beyond the scope of its economic demands. Indeed, for those who truly delve deeper into the matter, the Dawes Pact is of even greater political significance than the Treaty of Versailles itself. The latter was an attempt; the Dawes Pact is the culmination of Germany's complete political disenfranchisement and economic plundering.

With the adoption of the Dawes Plan on 29 August 1924 by a deluded and criminal Reichstag majority, Germany ceased to be a sovereign state.

Territorial and military sovereignty had already been shattered by the Armistice and the Treaty of Versailles, but Germany still stood almost unshaken as an economic power; no factory had been destroyed, and the people's willingness to work and their diligence remained unbroken. Now, however, the Dawes Plan completely stripped the German Empire of its financial sovereignty with regard to coinage; the Reichsbank was nationalised and removed from the control of the German government; sovereignty over transport was relinquished; the German state railways were nationalised, removed from state supervision and reduced to a domain of supranational financial powers; internal administrative sovereignty was severely compromised by the appointment of foreign commissioners over customs duties and the collection of important taxes. The German government

was obliged to provide all manner of information on all aspects of German affairs. Spying commissions have travelled the length and breadth of the country; Germany is no longer permitted to possess a single tank, aeroplane or piece of heavy artillery, whilst the whole world is arming itself to the teeth and engaging in absurd military build-ups. German judicial sovereignty has likewise become a hollow concept, as large parts of the country are subject to foreign military jurisdiction and shameful sentences are being carried out against German men who love their country. The cry of indignation that echoed throughout Germany following the murder of Albert Leo Schlageter met, at best, with derisive comments in the enemy press. Day after day, the German press reports on the shameful sentences handed down by enemy courts against German men and women; there is no longer any question of legal certainty regarding life, limb and property.

Truly, a fall from the proudest heights and the fullness of power into the deepest misery and the most pitiful powerlessness. A people of heroes and hard-working men and women, who labour with both mind and muscle, are submitting to foreign dictates, worn down and weary. A parliament that was once the expression of the most powerful national will is becoming a playground for the most pitiful and cowardly instincts. With false representations and high-sounding phrases, the government is clouding its own judgement and that of the parties. The National Socialists' national opposition is showered with furious bickering and venomous vitriol. The Dawes Pact is being given the force of law in Germany.

The government statements of Saturday, 23 August 1924, from the 22nd sitting, lie before me; from the stenographic reports, Volume 381 of the
Second Legislative Period of 1924 (p. 772 ff.), the decisive statements made by the leading figures of the Reich Government at that time.

Reich Chancellor Dr Marx (Centre Party) reads out the following before a full House:

'The Reich Government stands before you to present the outcome of the London Conference and to seek your approval of the London resolutions, as well as of the legislation required for their implementation. The resolutions adopted in London determine the manner in which the experts' report is to be implemented.'

"In its statement to the Reparations Commission, the Reich Government accepted the experts' report as a suitable basis (!) for resolving the reparations issue."

Marx then goes on to say: Admittedly, serious and substantial reservations had been raised, as these were far-reaching changes, but they were prepared to answer questions about what had been achieved in London through arduous and responsible work, and, to quote him verbatim: 'We do not boast of any (!) success we may have achieved in London.' Marx then defends the British Prime Minister and continues: "I attach importance to the statement, that the in the press

that the German delegation in London was presented with an ultimatum or had a diktat imposed upon it is entirely unfounded. (Laughter and heckling from the National Socialists: 'All the worse for it!') The resolutions of the London Conference undoubtedly place a heavy burden on Germany. Nevertheless, they represent progress compared with the previous situation and serve the goal to which we all aspire: the revival of the German economy and the restoration of German freedom, particularly in the occupied territories." (Lively cheers and approval from the centre. Continued unrest amongst the National Socialists.)

Marx then made some general remarks on the political situation and was even forced to admit, with regard to the very point that had repeatedly been used to justify to the German people the need to accept the Dawes Plan — the immediate withdrawal from the unlawfully occupied territory —: 'We have not succeeded in achieving the immediate military withdrawal from the territories which, in our view, are occupied in breach of the treaty, within the short timeframe expected by the entire nation.' Nevertheless, the Reich Chancellor, as a true native of Locarno, declared "that at the London Conference, for the first time since the end of the war, a spirit of understanding (loud laughter and sustained uproar amongst the National Socialists) and a sincere desire for a peaceful

settlement of the sad legacy of the war."

Marx then appeals to the conscience of the representatives of the German people, urging them not to obstruct the implementation of the experts' plan, and concludes with the outrageous assertion: 'A rejection of the London Treaty would, in any case, initially mean the destruction of all the hopes cherished by the German people and, in particular, by our brothers in the occupied territories. Industry and agriculture will suffer even more than before from the ever-increasing credit crunch. Whether, given our bloodless economy, our currency—which we have so far managed to maintain with great difficulty—will not face further decline is a matter of grave concern. Rising unemployment and widespread hardship amongst the broad masses of the people, however, will be a certain consequence of rejection(!). In the occupied territories, the terrible military pressure will continue to weigh heavily, and the stranglehold on the population will be maintained

. . . An immense responsibility now rests upon the Reichstag. I am deeply convinced that its decision will mean either a blessing or a curse!"

So, according to Mr Marx, Reich Chancellor by the grace of the Centre Party, 'blessing' means the acceptance of the Dawes Pact. The German people, the Centre Party's voters, may thank Mr Marx for the 'blessings' of the Dawes Pact.

Following Marx, the Minister of Finance, Dr Luther, took the floor. He set out to clarify what would happen if the Dawes Pact were not approved; he adopted a thoroughly 'alarmist' tone and explained that unemployment had risen, the trade balance was increasingly in deficit, and taxes were too high; nevertheless, if the London Treaty were not accepted, the Reich's revenue would decline, whilst its expenditure would not decrease but increase. The lack of credit in the German economy imperatively demanded the adoption of the Dawes Plan; without it, the credit crunch would reach its peak, farmers'

would have their short-term loans terminated; the overall picture could only be one of an extraordinary worsening of the credit crunch and rising unemployment.

Luther does not shy away from stating this, even if it means conjuring up the horrors of inflation as an oath-taker :

'I wish to state quite explicitly that the solution of a new bout of inflation is absolutely impossible. We cannot create artificial money in Germany a second time. When we first created artificial money through inflation (Interjection from the National Socialists: "Were you criminals?"), Germany was still rich compared to today.'

". . . . the overall state of our economy therefore compels us to accept the London Agreements." (Very true! from the D.V.P., the Centre Party, the Democrats and the Social Democrats; laughter and heckling from the National Socialists.)

"The German delegation fought point by point (!) to make the agreements as acceptable as possible for Germany. In this regard, a number of achievements have been made which, from a technical point of view, cannot be overlooked." This assertion is a blatant untruth; for nothing, absolutely nothing, was achieved in London, as the Reich Chancellor himself admitted with astonishing honesty in his speech.

Luther continues: "On the other hand, it is certain that only by accepting the London agreements will our economy be able to secure the relief

which it is rightly demanding, namely the adaptation of our tax system to economic and social necessities and a tangible reduction in railway fares."(!)

Luther continues, rallying support for the 800-million bond: "As soon as the London Agreement is ratified, the foundations for the bond will be laid." (In other words: once the German Reichstag has placed the golden chains around the German people's necks, then the German economy's further indebtedness will pose no difficulties.) He concludes then with the commitment of his beautiful soul:

'I also dare to express the hope that the German people, if they work hard and save bravely (laughter from the National Socialists and the German Nationalists), on the basis of the London Agreement (interjection from the National Socialists: A splendid word! — Continued laughter). — I also dare to express the hope that the German people, if they work hard and save valiantly (Bravo! from the centre, among the Democrats. Shout from the National Socialists: 'Say it again, otherwise no one will believe it!'), on the basis of the London Agreement, under conditions worthy of life, will finally, finally begin their resurgence."

When , the third of the political graces , then our 'much-loved' Foreign Minister Dr Stresemann takes the floor, delivering lengthy speeches which are, however, all the more trivial

He goes on to describe the 'advantages' of accepting the proposal, and calls out scornfully to the National Socialists: 'How long have you been saying that Poincarism would never relinquish its hold on France! Well, I must reply to you that the London Programme and the London Pact are by no means the product of Poincarist minds!' (Interjection: 'Very naïve!') Stresemann then concludes: 'I am convinced that London is not the end; London can be the beginning – the beginning of a development which, as Macdonald said, marks the end of national isolation and the beginning of cooperation between nations on an equal footing. Take this as your foundation, so that you may give future German governments the opportunity to lead Germany towards a bright future on this basis." (Lively applause from the centrist parties. — Boos from the National Socialists. — Renewed thunderous applause from the centrist parties.)

It should also be noted here that the Government – namely Reich Chancellor Dr Marx, Reich Minister of Finance Dr Luther and Dr Gustav Stresemann, had travelled to London prior to the Reichstag's deliberations – confident, it is true, of the support of the governing parties and the Social Democrats – and, having failed to secure even the slightest improvements to the Dawes Plan, had themselves sent home like schoolboys with orders to secure the approval of the Reichstag for the Dawes Pact, without any

the slightest change were to be made to it. The government, led by Reich President Ebert, was also firmly resolved to sign the pact on 30 August under any circumstances and, should the Reichstag cause difficulties, to dissolve it. Just in case, Ebert had drawn up the decree for dissolution and handed it to the Reich Chancellor. And that is what democracy calls 'the will of the people'.

On 25 August, the great tragicomedy of the debate on the government's policy statement began in the Reichstag, combined with the first reading of the Banking Act, the Private Banknote Act, the Coinage Act and the draft bills concerning the withdrawal of Rentenbank notes from circulation, industrial levies, the German Reich Railway Company, the London Conference, the collection of the industrial levy, and staffing levels at the German Reich Railway Company (Stenographic Reports, p. 795 ff.). As one can see, it was a colossal programme. The bills had to be rushed through in five days.

The series of debates was opened by the then parliamentary group leader of the German National Party, His Excellency Dr Hergt. Among other things, he stated the following:

"We German nationalists believe in eternal justice. We have the gravest reservations: the yoke of blood is being replaced by the treadmill of labour. There is no question of Germany signing voluntarily... There is no question of enslavement which we ourselves would have brought upon ourselves by signing at , and ... We naturally reject all

laws, including the Final Agreement." He then said: "Here I stand, I can do no other!"

These words, however, were followed by the shameless, despicable betrayal by what was then the largest party: 48 German Nationalist MPs voted in favour of the Railways Act, for which a two-thirds majority was required, thereby securing its passage and, with it, that of the other laws. The German Nationalists therefore bear full responsibility for the adoption of the Dawes Acts.

From the Social Democrats, for whom Hilferding spoke, we could expect nothing other than barely concealed delight at the agreement and enthusiastic approval. The *Vorwärts* of 30 August wrote: 'The adoption of the Dawes Acts is, viewed purely objectively, a tremendous success for Social Democratic policy.'

Prelate Dr Kaas spoke on behalf of the Centre Party. The Communists put forward one of their well-known female representatives: Mrs Golke, better known by her former name, Ruth Fischer. Like many others, she has since been ousted from her party as a 'traitor to the working class'. Sic transit gloria mundi!

Dr Curtius stated on behalf of the German People's Party: "We will unanimously approve the government bill."

Erkelenz, the spokesperson for the Democrats, made similar remarks. Dr Pfleger of the Bavarian People's Party did, admittedly, the government the usual unkind remarks, yet

as always, in a polished manner. Naturally, however, they then voted in favour of the bills in a perfunctory manner.

Dr Bredt, the leader of the Economic Party, prepared his party's approval with the following fine statement:

"We do not regard this Dawes Report as a medicine that will restore us to health; we regard it as the means that gives the patient the strength to weather this severe crisis."

MP Kunze of the German Socialists declared: "We German Socialists regard anyone who signs this report as a criminal."

Apart from the Communists, who were ultimately opposed to the agreement merely as opponents of the Social Democrats, it was the National Socialists alone who voiced decisive and clear opposition. Speaking on behalf of the National Socialists, I myself—then Deputy Chairman of our National Socialist parliamentary group—addressed the Banking Act; MP Rahl spoke on the Railways Act; and, at the third reading, Count Reventlow spoke on the foreign loan and the eviction issue.

In my speech on 26 August 1924, I made our position clear to the whole world. I reproduce this speech here from the stenographic reports (pp. 895–900).

'A characteristic trait runs through the politics of recent years: a trait of servility. Our so-called German government has already reached the point where it acknowledges every new blow with a obliging smile.'

The desire to come across as a shrewd businessman prevents one from speaking about the point of honour or the question of war guilt. One wishes to be in tune with the global economy, purely in terms of world politics and monetary theory, and naturally, the reopening of the question of guilt always arouses the most awkward feelings; one would prefer not to touch upon these anachronistic sentimentalities any longer; one would like to move beyond these unpleasant matters, which, after all, lie long in the past. In doing so, one unfortunately forgets that, for our shrewd negotiators, it would have been essential, above all, to gain clarity on the important business matters in London. I am referring to determining the final sum of Germany's contribution, if one is indeed resolved to make one. But even this is shied away from. Here, too, servility is once again the guiding principle of politics. One probably believes one can still find a loophole to slip through in the golden net being thrown over the heads of the German people. But one does, after all, receive a salary of 30,000 marks — quite a good wage for a slave overseer.

Another point that absolutely should have been raised in London is the accounting for the German people's contributions to date. I would remind you that there is a considerable discrepancy between the figures provided by the German Government and the accounts of the Reparations Commission. As is well known, the German Government puts Germany's contributions at over 40 billion

; the Reparations Commission is only interested in the figure of 8 billion. Gentlemen, do you believe that this would in any way serve as a solution at the end of the German people's period of suffering – now estimated at 37 years – if we were then to have to argue about how much has actually been paid so far? I cannot understand how anyone on the Foreign Affairs Committee could have said that the final sum and the payments made to date are unrelated. Surely the prerequisite for determining the final sum is the prior determination of what has been paid so far.

The situation for Germany was not at all so bad before we went to London. France's policy of coercion had clearly reached an impasse; it had become apparent that a bayonet is of no use as a coal shovel. Added to this was the constant concern of the international financial community that France's policy of coercion might yet destroy – and possibly bring to a complete standstill – the Ruhr region, the world's greatest source of interest payments and the greatest object of exploitation. Had German policy correctly understood how to play off the conflicting interests of French global policy against the creeping policy of exploitation pursued by the global financial establishment, the London Conference could certainly have taken a different course.

We can distinguish three very clear stages in post-war developments: the Versailles Dictate, the London Ultimatum and now — the Dawes Plan. The

The Treaty of Versailles, with its ruthless intent to exploit, has been described by all governments as impossible to fulfil, and yet it has been implemented to the best of their ability by everyone from Scheidemann to Stresemann — (Interjection from the German People's Party: 'Incorrect!') — in order to prove that it is impossible to fulfil, is that not so? This is a very characteristic symptom of this new German mental affliction, 'paralysis of fulfilment'. The Treaty of Versailles was built on the lie of German guilt for the war. People are now reluctant to touch upon this, which is why London avoids raising the issue. Yet the rest of the world knows full well that Germany was by no means actively to blame for the war. But the neo-Marxist governments are happy to leave it at that, for otherwise the German public would realise that one ought to be speaking far more of the neo-Marxists' culpability in this peace. During the war, the policy of compliance was called a policy of understanding, and now it is evidently believed that one must move from a pure policy of compliance to an understanding regarding compliance.

On the other hand, the situation had long been clear, and attempts were made at the various conferences in Genoa, Paris, Spa and Ostend to find a more innocuous form, which was achieved in the second stage in the London Dictate. There, Germany's guilt for the war was converted into fixed-interest war debts. That was the second stage in the impoverishment

of Germany. Germany was forced to undertake to issue a ‘world poverty bond’ in three tranches: a) 12 billion, b) 35 billion, c) 85 billion, totalling 132 billion. I note that this was already a deterioration compared with the provisions of the Versailles Dictate, which provided for only 120 billion. The German people were also told that the London ultimatum was, after all, a step forward, just as one believes one can construct a new step forward through the Dawes Plan.

But even this second stage did not seem secure enough to the masters of global finance. It was still a matter of bonds between one state and another. The spoils of war were not yet sufficiently secured for the masters of global finance in terms of private capital. Then came the French interlude, in which the snarling French mongrel pounced on German territory, and now the question for global finance was: how do we wrest this spoils, these pledges, from the jaws of French imperialism? This, of course, had to be done very cautiously, and it required immense pressure from global finance – from Wall Street on France – to make France compliant. I recall the frontal assault by global finance against the French franc; I recall how, in this incredibly fascinating battle between the lion and the serpent, between Poincaré and Wall Street, Poincaré was brought to his knees and forced to step down. And now the

The way was now clear to take the third step: the step of mobilising and technically implementing Germany's war reparations solely for the benefit of the global financial system. The path was now clear for the great 'turn' and 'shift'. 'Turn' was, I believe, the word Mr Stresemann used in his government statement on the Dawes Plan.

Mr Stresemann also declared at the outset of a highly remarkable election speech in Dessau, using his characteristic bombastic rhetoric: "I stand unconditionally on the primacy of constitutional necessities over those economic demands." And five minutes later, in the same speech and at the very same point, he declared: 'When the plan was put forward in New York by the American Hughes that the fate of the world should be taken out of the hands of statesmen and placed in those of bankers, we immediately agreed to this plan.' So you see that our principled Foreign Minister is capable of acting differently. What began as a turning point in world history has become the greatest upheaval in world history, the greatest upheaval that is a sign of the German Government's utter bewilderment, helplessness and servility.

However, just as deceived as the German people are the others, the so-called victorious nations. They, too, all bear the same burdens, as it is so aptly put on page 1 of the Dawes Plan: ' ' they must ' ' be ' ' burdened ' ' just as ' ' any ' ' of the ' ' in ' ' the

The powers represented on the Commission. Gentlemen, there is only one master in the world today: big finance. It was to implore its blessing that our delegation travelled to London. With a willingness to comply in their hearts, but without national pride, strength, will, dignity or ideas. They are prepared to accept the experts' report unconditionally; they have approached this task without the slightest tactical skill. Certainly, it would have been possible to stir up opposition to the Dawes Plan amongst the German people, in order to at least establish a basis for negotiation. But if someone comes along and immediately says, 'I am prepared to accept everything', then it is simply impossible for them to secure anything at all. One really does scratch one's head: is it stupidity or a crime, or is it perhaps also a certain weariness with responsibility?

Perhaps it is a weariness with responsibility, a longing for strong men from abroad, for the commissars, from whom, as is well known, the average German always has such immense respect.

How lovely and convenient it is, then, that we finally have a ,'Bible for the Economy' (as Stresemann called the Dawes Plan), the Dawes Plan, which promises to resolve all the difficult issues: the stabilisation of the currency, the supervision of taxation, the operation of the German railways, the control of customs duties, the issuance of German banknotes, the introduction of the gold standard, the purchases and payments of the deliveries of goods. All

these matters are presented in this 'Talmud of Economics' in the finest possible light, in the spirit and in the interests of loan capital. This solution does, however, have one flaw: the productive German people are forced into the harshest form of wage slavery, Germany is transformed into a penal state, and the German Empire ceases to be a sovereign state.

I mentioned earlier that the bankers have taken the fate of the world into their own hands. It is only natural that the first and most important instrument of Germany's exploitation must be a banking institution. Unfortunately, given the limited time allotted to this important issue, I must refrain from going into these matters in detail, and can therefore only touch upon the essential points in passing.

Article I of the Banking Act stipulates that the Reichsbank is to be converted into a private limited company. Gentlemen, what moral obligations does a private capitalist of foreign origin have towards the interests of the German people? None whatsoever! Then there is Article II. The capital of the Deutsche Reichsbank is to be set at 400 million, to be raised through the issue of bonds. It is noteworthy that the explanatory memorandum to this Act states that the experts had found the Reichsbank's financial position to be sound. I fail to understand why it needs a restructuring and a dilution of its capital to 400 million, given that it in sound condition the monetary policy of the

German Empire. But it is evidently hoped that this will yield enormous profits.

The following is particularly telling: the capital that the existing shareholders of the Reichsbank receive in return for the Reichsbank's assets is set at a mere 90 million gold marks. It is telling how shamelessly and with an utterly unbelievable — I cannot think of a parliamentary term for it at the moment — manner the negotiations between the Reichsbank and the Reich were justified. 180 million is the sum for which the German Reich could have taken over the Reichsbank's entire assets under the existing Banking Act, which is still in force today — and that is in paper millions! It is crystal clear here: 'The Reich, however, declared that it could not act unfairly in this matter.' Yet it was perfectly possible to act unfairly by completely defrauding the subscribers to the war bonds and the holders of government bonds of their hard-earned money. There was no sense of restoring good faith. But when it comes to making a huge gift to foreign capitalists, then of course one cannot 'act unfairly'!

After all, it is understandable, given that the President of the Reichsbank received a quite obvious bribe in the Dawes Plan (on page 85). The Dawes Plan states, namely: 'The first President shall be the President of the Reichsbank .' It is therefore certainly not to

that the gentlemen who conducted the negotiations with the German Reich wanted to show their gratitude to their future employers, the masters of global finance (MP Becker of the German People's Party: 'What a low point this discussion has reached! Disgraceful!'). I find it outrageous that a German government should even adopt such an instrument containing such provisions. It is a new low that a German government should dare to present something like this to the German people. This represents an unparalleled low point in German public morality. As you know, half the members of the General Council of the so-called Deutsche Reichsbank will be foreigners. The election

— The proposal will be examined and approved by a foreign financial authority, whose views must be taken into account. The commissioner must be a foreigner. The man who will in future decide how much money is to be made available to the German economy in the form of circulating funds will be a foreigner. He will control the issue of banknotes. Why? So that the full amount of the reparations can be collected in full and on a permanent basis.

I must now, in particular, dispel some of the illusions—the 'bubbles of illusion'—that keep rising from the Centre regarding the expected large loans. What does the Dawes Plan say about the remit of this new bank? On page 87 it states quite clearly that the bank is not to grant any loans or advances secured by immovable property, mines, oil fields, shares or government bonds .

This bank is not permitted to grant any credit whatsoever to the German public; the German states, German municipalities or other administrative units cannot obtain any loans from this bank. How, then, can people keep telling us that the forthcoming loan is what is forcing us to finally agree to the Dawes Plan?! Only the Reich receives a paltry loan of 100 million, which, however, must be fully covered by the end of the year.

According to Section X of the expert report, the new bank will provide services to the Reich Finance Administration. The Board of Directors is authorised to grant the Reich advances from time to time amounting to 100 million marks. In doing so, all financial transactions of the entire German government must be channelled through this new bank. A stream of gold must flow through the bank's coffers. Nevertheless, it states here: 'In view of these advantages, the Reich and its financial administration shall conduct all their domestic and foreign banking transactions through the bank.' So, in addition to the advantages enjoyed not by the Reich but by the bank, there is the further advantage for the bank that the Reich must channel all its transactions through it. Furthermore, all funds for the reparations account must be channelled through it. Thus, a new stream of gold is pouring into the coffers of this new bank.

I have already mentioned that the bank has been granted the exclusive right to issue banknotes, and that this right amounts to a pure windfall of at least 1 billion marks. For the statutory reserve requirement is set at only
40 per cent; so any paper notes printed in excess of that amount are a pure windfall for the bank. These banknotes are issued to the German economy solely by way of interest-bearing loans. This new bank, the bank of the world's Jews, is being granted an enormous privilege, a privilege lasting 50 years. Thus, beyond the 37 years over which the burdens are, at the very most, to extend under the terms of the treaty, a German government is committing itself to keeping the German people in financial slavery for a further thirteen years.

It would also be interesting to look at the distribution of profits. Naturally, this brilliant financial transaction is expected to yield truly fabulous profits – profits that are not limited to the eight per cent guaranteed interest for shareholders. Furthermore, half of the first 50 million generated will be distributed to shareholders. That amounts to a further six per cent, or 25 million. Of the remaining 50 million, the shareholders are to receive a further quarter, amounting to a further three per cent. So a return of at least 17 per cent is already being anticipated for the shareholders of this bank. This is a brilliant deal for the lenders. And this deal was not struck for the sake of Mr Marx's

or any other government officials.

Unfortunately, I must refrain from going into the other matters at this stage. I wish merely to point out that it is telling that, alongside this Banking Act, there is also the Railways Act; that in this way, the two most fundamental sovereign rights of the German people are being surrendered to global finance. It is precisely these two matters that must absolutely remain within the sphere of the state; for they concern the very sovereign rights of the people. And whilst the Reich Chancellor has repeatedly, helplessly and at a loss, raised the question of other paths that we ought to show him—paths other than those laid out in the Dawes Plan—I should like to attempt to provide a brief answer to this. The first course of action follows from the criticism now put forward. It should be a matter of course for any German government not to carry out the denationalisation, but rather the nationalisation of the monetary system—nationalisation through the establishment of a genuinely German state bank, rather than surrendering Germany's right to issue banknotes to a private joint-stock company. Do you really believe, Mr Chancellor, that the hyenas of the global financial world are giving you the funds because it is you, and not because it is a lucrative business? This is how rights are given away, even though one would be in a position to create something oneself. After all, everything must come from

We must create it for ourselves. No one will help us do so. Others will merely skim off the cream.

Gentlemen of the Government! I warn you, lest you face future charges of high treason and treason against the state, not to surrender German financial sovereignty and German transport sovereignty. What will remain of German sovereignty once the Dawes Plan has been adopted? Territorial sovereignty, military sovereignty, financial sovereignty, administrative and transport sovereignty, and judicial sovereignty define a sovereign state. Territorial sovereignty has been trampled underfoot by France for years. The German Government scarcely dares to point out the illegality of the occupation of the Ruhr.

Military sovereignty has been deliberately relinquished. Erzberger even reduced the figure from 200,000 men to 100,000 men at the time, presumably to curry favour with the international financial community. The army is barely strong enough to maintain order at home.

They now intend to servilely surrender financial sovereignty to the guardians of the world's conscience, thereby robbing the German people of one of their most important sovereign rights, without which any rise to power no longer seems possible.

They are further surrendering the German railways and handing over German control of transport, so that a German policy of power is no longer possible. They know, after all, that a Frenchman could become the German railway commissioner

They are turning Germany into a slave colony and reducing themselves to slave-masters in the service of the financial bandits of Wall Street, London and Paris. Do you have no sense of the curse that will be upon you when you actually go to London to put Germany's final signature to the agreement? If there were only 1,000 of us Germans — we already have 5 million behind us — then we alone, who see through this diabolical charade, would have the right and the duty to protest against it. We will not rest or give up until this shame and this bondage have been lifted from us. The only way you can go to London is this.

(The speaker tears up the Dawes Pact.) I hereby make the following statement:

1. The National Socialist Freedom Party regards the intended surrender of German financial sovereignty through the banking laws as the cornerstone of the financial enslavement of the German people. It is not foreign bankers, nor foreign loans, that will help us, but only the establishment of a strictly state-controlled central bank, free from any form of private capitalist enslavement.
2. The National Socialist Freedom Party regards the implementation of a socially just realisationof old liabilities. In this way, we shall achieve a restoration of savings, which had been the bedrock

of the entire domestic monetary and credit system.

3. The National Socialist Freedom Party is fundamentally in favour of the recognition private property, insofar as it is the result of honest work and achievement. Only utopians and demagogues can extol the abolition of private property as a means of promoting the people's welfare. On the other hand, all working comrades must be given the opportunity to participate effectively in the enterprise, an opportunity that must be earned.

Only by fulfilling these fundamental demands for social justice can a process of healing domestic political relations be initiated, the internal economy be restored, and thus the prerequisites for external freedom be created."

Our late Member of Parliament, Mr Rahl, then spoke on the Railways Act (p. 962 ff.). He characterised the reasons leading to the nationalisation of the Reichsbahn as arising solely from the greedy lust for power of the French, who seek to gain not only political but also economic power over Germany. The Social Democrat Hilferding had already articulated in 1921 where this nationalisation would lead. He emphasised: if the railways were to fall into the hands of a foreign capitalist consortium, this would amount to a complete surrender of the German economy. It would be the most severe possible,

the most dangerous form of control over the German economy. Rahl then points out in detail the dangers of this control from an economic perspective and draws attention to how mobilisation would likely be carried out under the supervision of a foreign commissioner, should we ever be forced to defend ourselves. He sharply criticises the outrageous remarks in the Dawespact, in which railway officials are accused of suffering from delusions of grandeur and of not wanting to live within their means. Rahl regrets that Mr Stresemann did not deem it necessary to duly refute these outrageous insults against the civil service – a body which is diligent, dutiful and supremely dedicated to its profession, and under whose leadership and administration the German railways have functioned brilliantly – as would have been his duty. Member of Parliament Rahl also touches upon wage policy and then remarks: 'The overall outlook for this Bill is so extraordinarily bleak that we can only be alarmed by it, and we must be particularly alarmed when we consider the provisions relating to staffing.' (The impact of these provisions has, after all, been demonstrated all too clearly in recent times by the terrible railway disasters!) Rahl then declares: 'We will unanimously reject the Bill,' and goes on to say:

"If we are being threatened here with various possibilities, perhaps in an attempt to overturn the decision, then I say: we are fully aware of all these possibilities."

Count Reventlow (1040 ff.) began by emphasising that the government, its institutions and its parties had deliberately kept the public preoccupied with details in order to obscure the most essential points. When the Argonauts – the German delegates – travelled to London, the National Socialists gave them no favourable prognosis from the outset, and indeed they brought home not even the smallest scrap of the Golden Fleece. The report was received with downright joy and enthusiasm, as if with a 'ruere in servitium'—a throwing oneself into servitude. Yet they were careful to conceal this enslavement from the people. The main points were not touched upon; nor was there any mention of the occupation of the Rhine and Ruhr regions, or of the lie of German guilt upon which the Treaty of Versailles and subsequently the Dawes Plan were based. The so-called 'Bible of Economics' is nothing more than the economic bible of world Jewry concentrated in America. It has its perfect counterpart in the verse from the Old Testament:

"You shall devour all nations!" The first of these nations is Germany. The English General Allen says: "If the Germans were all to unite in this feeling (that they are being wronged), then, however disarmed they may be, no power in the world will be able to hold the iron chain any tighter or prevent it from breaking, should the entire German people rise up in resolute rebellion." This does not mean war, but the power of the moral will to freedom, the irresistible force

of rebellion springing from within. It is nothing short of sacrilegious to describe the Dawes Pact, this document of enslavement, as the path to freedom, as Dr Marx and Dr Stresemann have done. The Dawes Report, however politely polished and often saccharine in its moral tone , is not a document of the will for peace. It is war by other means: using rhetoric, suggestion and deception to render us will-less, in order to gradually kill off every national and German will within the masses of the German people.

On Friday, 29 August, the final votes on the Dawes Acts took place.

Rarely had the atmosphere been so charged with tension as it was on that day. After all, the fate of our people was at stake. Groups were gathered everywhere, discussing the possibilities. The question kept coming up: 'How will the German Nationalists vote?' For the fate of the Dawes Acts depended on them, as the strongest party, since a two-thirds majority was required for the Act on the denationalisation of the Reichsbahn, as it constituted a constitutional amendment. Since they wished to be 'German' and 'national', one could of course not assume that they would vote in favour of the law enslaving Germany, all the more so as the statements made by their speakers unequivocally indicated that they would reject all the bills. But it seemed that something had leaked out, and so the tension was high. Would they stand firm or change their minds? That was the

big question, the pros and cons of which were being hotly debated in the corridors of the Reichstag.

Bill after bill was tabled and passed by a solid simple majority, consisting of the governing parties (German People's Party, Centre Party, Bavarian People's Party, Democrats), with the voluntary support of the Social Democrats and the Economic Party. In contrast, voted the Communists and the German Nationalists, the four Kunzemänner and of course we National Socialists. The vote share was 262 votes with 'Yes' and 172 votes in favour of 'No'. The German Nationalists could therefore afford to be in opposition; they were certain that the laws would be passed even without their consent! But the need for the required two-thirds majority for the Reich Railway Act now put the German Nationalists in the most embarrassing of predicaments. Now they had to 'show their true colours' in the truest sense of the word!

The voting cards, bearing the names of the individual MPs; the 'yes' cards are white, the 'no'

—Red cards, whilst blue cards indicate an abstention.

The vote began. The ballot boxes, into which the ballot papers were to be placed, were carried round by the ushers. The tension throughout the chamber had risen to its peak. All eyes were fixed on the benches the German Nationalists — yet behold, everywhere were the

red slips marked ‘No’ could be seen in the MPs’ hands. Several MPs quite obviously displayed their slips towards the Social Democrats’ benches and up towards the galleries. So it’s true after all — they’re rejecting the bill — they’re standing firm!

But what on earth was that? — Right at the front, at the very last moment, a white ‘yes’ ballot paper drops into the ballot box! There too! There again — and more and more! Shamelessly, these hypocrites had kept the white ‘yes’ ballot paper hidden beneath the red ‘no’ ballot paper right up until the last moment, only to toss it into the ballot box at the very last moment with a juggler’s dexterity.

Look there! — the grandson of the former Chancellor, the young Prince Otto von Bismarck — he too has just cast his white ‘yes’ ballot for the Dawes Pact — and — a pang pierces my heart — even the aged Grand Admiral — Tirpitz — the architect of the German fleet — is voting in favour of this shameful law!

The vote is closed...

The votes are being counted: a total of 441 votes have been cast at , of which 314 voted “Yes” and 127 voted ‘No’.

The law has been passed!

Forty-nine German Nationalists voted in favour of this disgraceful law.

Their names deserve to be recorded in world history. They are the Members of Parliament: Bachmann, Baecker (Berlin), Dr Barth, Bazille, Behrens, Biener, Fürst Otto v.

Bismarck, Ehrist, Döbrich, Domsch (Dresden), Dorsch (Hesse), Dr von Dryander, Fächer, Dr Gereke, Glaser, Dr Hanemann, Hänse, Hartwig, Hartz, Dr Hoetzsch, Hülser, Julier, von Kemnitz, Dr von Keudell, Dr Klönne, Koch (Düsseldorf), Krüger—Hoppenrade, Lambach, Dr Lejeune—Jung, Leopold, Lindner, Dr Maretzky, Count Merveldt. D. Mumm, Neuhaus (Düsseldorf), Paul, Dr Reichert, Baron von Richthofen (Breslau), Rippel, Sachs, Schroter (Liegnitz), Siller, Dr Spahn (Cologne), Baron von Staufenberg, D. Strathmann, Grand Admiral von Tirpitz, Veidt, Vogt and Waltraf.

On behalf of the National Socialist Group, Mr von Graefe then made the following statement:

The N.S.F. parliamentary group considers today—the tenth anniversary of the glorious victory at Tannenberg—to be the darkest day in German history since 9 November 1918, on which 314 men and women, elected as representatives of the German people, have today, amidst the applause of hostile diplomats, surrendered German state sovereignty, the German national economy, indeed the German people themselves, to the clutches of international big business, to the applause of hostile diplomats, as the darkest day in German history since 9 November 1918. It is with indignation and sorrow that we note that this moment was made possible only because roughly half of a parliamentary group calling itself ‘German’ and ‘national’ took part in this act of delusion at the last minute. It bears primary responsibility for all the terrible consequences. May the German people, however, at last

realise into whose hands it has placed its fate through its indifference and naivety.

One can well imagine how extremely unwelcome these forthright words were to the ‘yes-men’. Through constant clamour and incessant calls for the debate to be closed, they sought to prevent you from speaking and to persuade Mr von Graefe to break off his speech. Naturally, they did not succeed. Mr von Graefe then tabled a motion of no confidence against the government, which, as one might expect, was rejected.

The curtain fell on the final act of this act of treason against the fatherland, which stands alone in the history of all nations and all ages.

Fundamental financial issues

First published in *Völkischer Sprechabend*, edited by Hans Weberstedt and Otto Lehmann (evening talk on 11 October 1924)

The quantity theory of money is still held in high regard by most financial policymakers today. The current Minister of Finance, Dr Luther, in particular, is a staunch advocate of the narrow and strict quantity theory. This theory states that the amount of paper money in circulation stands in a very specific ratio to the quantity of goods in the national economy and must be maintained at this level if inflation is to be avoided.

A doubling of the amount of paper money or hard currency in circulation would, it is argued, result in prices doubling. To put it another way: unless new value is created, whilst the quantity of government-issued currency is unilaterally increased, inflationary effects are to be expected. A state, therefore, which is unable to meet its monetary requirements through tax revenue or other sources of income and resorts to printing money is pursuing an inflationary fiscal policy; it is driving inflation. It is contravening the quantity theory of money.

This is, in essence, the meaning and substance of the so-called quantity theory of money.

The events of recent years now appear to provide strong evidence in support of this theory. The state met its financial needs through the unbridled printing of banknotes, thereby destroying both the currency and the economy. Such a stark lesson serves to highlight the fallacies in this line of reasoning. One such fallacy is the quantity theory of money in the narrow sense. It is wrong. It is wrong because the paper money in circulation by no means encompasses even approximately all the debt instruments and monetary surrogates which, just like cash, must be related to the goods of the economy, since they enable the holders of such legal titles and monetary surrogates, just as much as cash holders, to purchase the products of the economy.

The quantity theory of money therefore takes account of only a part of purchasing power. But what really matters is precisely how much purchasing power corresponds to the goods produced by the economy.

To gain a better understanding of these relationships between purchasing power and economic goods, we must first consider the financial mechanics of an entire national economy.

On the assets side of a national economy, we must include all tangible assets, namely:

I. Public assets, comprising railways, the postal service, telegraphs, forests, mines, government buildings, etc.

II. Assets of the local authority, comprising municipal housing— and property, electricity works, gas and waterworks, trams, market halls, hospitals, etc.

III. Private assets, comprising land, factory holdings, urban and rural property, movable property and all the countless items of everyday use and consumption held in private ownership.

To this must be added the stocks of economic products from industry, agriculture, etc.

There can be no doubt that these components of wealth, which constitute a nation's total material assets, are to be regarded as the total assets of the national wealth. However, these assets are offset by very substantial liabilities.

The national debt stands against the national wealth—that is, railway bonds, imperial and state bonds, war bonds, etc.—whilst the debts of local authorities stand against the assets of administrative bodies, namely municipal bonds, county bonds, district bonds and local authority bonds.

Similarly, the total private wealth of industry, commerce and agriculture, as well as that of the private population, is offset by all private debts in the form of mortgages on houses and land, in the form of industrial bonds and other forms of debt securities. And finally, on

the liabilities side, we must include money — that is, the paper money in circulation — which is intended to facilitate the exchange and purchase of goods.

There can be no doubt that the liabilities of the national economy listed individually above—which are claims on the national economy—confer purchasing power on their holders, just as cash does. All such interest-bearing or non-interest-bearing instruments of purchasing power must therefore stand in a specific relationship to the goods of the economy, a relationship which requires further examination.

The holder of, say, so many millions of Reich Anleihepfandbriefe or other securities has just as much purchasing power as the holder of paper money. Both can satisfy their needs when purchasing goods from the economy in exactly the same way and without any difficulty. Whether an intermediate banking transaction is involved through the sale of the securities, or whether these securities are handed over directly in payment, is, of course, entirely irrelevant.

It must be added here that even the strict quantity theory acknowledges a certain influence of the velocity of money. Even within the framework of the narrow quality theory, it is already clear that the inclusion of this factor must introduce a great deal of uncertainty regarding the strict validity of the quantity theory of money.

a further factor is the diversity or variability in payment practices.

However, if we recognise that, in addition to an economy's cash reserves, all the paper assets and securities listed above can and must be related to the goods of the economy as a whole in terms of their purchasing power, it is clear that this narrow quantity theory is so fraught with sources of error that we may already regard it as incorrect. If we also take into account that, for almost all large sums, all payment transactions are carried out exclusively by means of bills of exchange, cheques and, in particular , by non-cash transfer, it becomes quite clear that the quantity theory described above, which seems plausible at first glance, must be incorrect.

It certainly cannot be disputed that a boundless and absurd increase in paper money, to a thousand or a million times its original amount, must have the greatest influence on the purchasing power of the currency unit, the mark. In our present, fundamentally theoretical analysis, however, we must not take such an absurd period into account. We must first establish that all the aforementioned debt instruments, plus cash, plus money substitutes, bills of exchange and cheques, are available to the economy as a whole for the exchange of goods — and that is, after all, the purpose of the economy — zur Verfügung . A correct

quantity theory would therefore have to take account of at least all these factors affecting purchasing power.

Furthermore, as mentioned above, it must take into account the velocity of circulation and payment practices in order to gain a reasonably clear picture of the effect of an increase in paper money on prices.

In any case, it can already be concluded that the narrow quantity theory, which relates only the paper money in circulation to the goods in the economy, cannot possibly be correct.

If, based on the figures provided by Steinmann, Bucher, Helfferich and Ballod, we were to assume that Germany's national wealth before the war amounted to approximately 250–350 billion, then this total national wealth—comprising the tangible assets listed above—would be offset by the debt liabilities also indicated above, the approximate total of which is as follows:

Reich bonds: around 5 billion marks; state bonds issued by the Länder: around 15 billion marks; railway debt: around 18 billion marks; debt of local authorities: around 6 billion marks; industrial bonds: around 6 billion marks; private debt obligations, mainly in the form of mortgage bonds: around 11 billion marks; total: 61 billion marks

Added to this are private mortgages, the total value of which cannot be determined with any precision.

Furthermore, there are no reliable statistics on the level of mortgage debt. In any case, Damaschke's figure of 80 billion in mortgages is far, far exaggerated. If the total mortgage liabilities arranged by all German land credit institutions, regional savings banks, mortgage banks and bill of exchange banks amounted to only around 11 billion, it is highly unlikely that more than 20 billion would have been invested in private mortgages as well.

However, for the purposes of the present study, it is not so crucial whether this figure is exactly correct; what matters far more is that we see the German public holding an approximate total of around 80 billion in securities, which confer purchasing power of that amount on the individual holder.

Now, it is beyond doubt – and this must be emphasised emphatically here – that this purchasing power is only potential; it is not permanently present on the market. Yet this purchasing power can become effective at any moment, acting as a buyer on the open market.

In any case, the holding of such securities forms the basis for almost all major transactions, for the issuing of cheques and for cashless transfers,

We refer to these securities as the 'big money' of the national economy and have thereby provided a very accurate

expression for the functions of these securities in the economy.

The entire flow of payments, particularly large-scale transactions, takes place almost exclusively through this pool of large-denomination currency held by the economy.

This is particularly evident in the property market. The purchaser of a house or a plot of land has certainly, in practice, never paid with 10- or 20-mark coins or notes. They have either surrendered their holdings of securities, either in full or in part, in lieu of payment for a house, or they have settled their debt by non-cash means—such as bills of exchange or cheques—on the basis of such holdings.

Similarly, the entire system of payments in trade and industry was, for the most part, based on holdings in bank accounts. Only those who held bank balances or securities in the vault were able to issue cheques or payment orders backed by these credit instruments.

However, this comparison should by no means be interpreted as implying that there is a fixed relationship between the total sum of these measures of purchasing power and these surrogates for money on the one hand, and the total quantity of goods in the entire economy on the other. It can only be said in very general terms that, naturally, certain relationships exist between the two sides of our economic balance sheet, that however these relationships in the sense of the

quantity theory cannot be precisely quantified in numerical terms. The only thing that matters is that the total sum of securities, which we refer to as 'large-denomination money', stood in such a ratio to the actual 'small-denomination money' of the economy—that is, the money referred to as such—that the total amount of large-denomination money was incomparably greater than the total amount of small-denomination money. We must also recognise that all cash can, to a very large extent, be replaced or phased out by cashless payment transactions. The trend in this direction, particularly on the part of the postal cheque offices, is indeed aimed at reducing the use of cash to a minimum.

In practical terms, it is entirely conceivable to limit the need for circulating means of payment to small change transactions alone – that is, for everyday shopping, travel tickets, wage payments, and so on.

All other payments can, in practice, be made cashlessly or by means of money substitutes, cheques or on account.

This should also be regarded as a change in payment practices, whereby direct payment with cash or paper money is replaced by cashless transactions. In a stable economy, the value of money – understood as the purchasing power of the currency unit – ultimately remains unchanged, regardless of whether there is temporarily more or less paper money in circulation, or whether more or fewer large-scale monetary transactions are carried out. The situation is, of course, quite different when, as in

Times of a boundless paper money economy, in which the money supply is unilaterally increased to ever greater extent. In times of peaceful economic life, the principle certainly held true: a mark is a mark. By presenting Munich or Bremen municipal bonds, railway bonds or Reich bonds, one could buy a house, stocks of goods, etc., anywhere. The mark was stable.

During the period of inflation, however, a curious shift occurred between securities and paper money. Whilst in peacetime securities were worth many times the value of paper money, as inflation rose this ratio shifted quite extraordinarily to the detriment of interest-bearing paper claims denominated in marks—and other debt claims—and yet the government still clung to the fiction: 'A mark is equal to a mark', even though the effects of the extraordinary increase in the money supply had long since set in, manifesting themselves in a frenzied rise in prices.

On the one hand, therefore, the amount of paper money in circulation had increased to an extraordinary degree; on the other hand, the purchasing power of mark-denominated securities had fallen to zero.

The once-massive stock of securities and financial instruments had shrunk to zero in terms of purchasing power when compared with the infinite mass of paper money.

Inflation celebrated its triumph, and hand in hand with this came the destruction of the currency, the economy, the

public's large-denomination currency, and the nation's entire savings.

A further consequence was the unprecedented credit crisis of the months that followed. The period of inflation resulted in the destruction of all savings and all holdings of securities. Those affected were not fully aware of this whilst inflation was taking place; it was only with 'stabilisation' that the extent of the devastation became clear. Suddenly, nobody had any 'money' left; in other words, private individuals had lost all their savings – they had suddenly vanished; there was nothing left!

Although this meant that the agricultural sector had suddenly been freed of its mortgages, it was at the same time deprived of all its operating capital invested in war bonds, mortgage bonds and the like, and was forced to take out enormous loans.

On the one hand, industry had benefited from the passing on its mortgage liabilities; on the other hand, it too had been stripped of all its credit documents.

The stabilisation of the currency through the introduction of the Rentenmark was celebrated everywhere as a great achievement.

In reality, there was not the slightest basis for this. For in fact, the so-called stabilisation was merely a way of making our impoverishment visible.

The ratio: one Rentenmark equals one trillion Papiermark; it stabilised the complete loss of the

entire German assets, denominated in marks, held by mortgage creditors and savers.

As is well known, the Minister of Finance, Dr Luther, takes great credit for this stabilisation.

In his pamphlet ‘A Strong Mark — A Sound Economy’, he goes so far as to remark: ‘This stabilisation and the halting of the printing press was a great achievement, the likes of which we rarely find in world history.’ Furthermore, Dr Luther says: ‘We have thrown a spanner in the works of the runaway car of currency devaluation and, after a few more jolts, brought it to a standstill.’

It would be all very well if Dr Luther’s claim regarding the halting of the printing press were true. Regrettably, however, it must be noted that this assertion by the Minister of Finance is a blatant lie. On 15 November 1923, the amount of paper currency in circulation stood at 93 trillion. By the middle of 1924, however, this figure had increased almost tenfold. In June 1924, the amount of paper money in circulation in the form of ‘billion’ notes stood at 810 trillion. But that is not all. In addition, as is well known, the trifling sum of 2,300 million gold marks in ‘Rentemark’ notes was also printed.

There can therefore be no question whatsoever of the printing press having been shut down since November 1923. On the contrary, there has never been a period of more rampant inflation than that which has prevailed since November 1923.

In a conversation I had with the Reich Minister of Finance at the end of June 1924, Dr Hans Luther also admitted to me that the Rentenmark was 'in substance' inflation.

This reveals the 'miracle' of the Rentenmark. In fact , however, had neitherthe outrageous new inflation caused by the issuance of 810 trillion or the Rentenmark has any inflationary effect whatsoever.

How can this miracle be explained, which in itself is proof of the correctness of my assertion made above, namely that Dr Luther's narrow quantity theory and official economics are wrong?

Why is it incorrect in the present case?

Because the preceding period of inflation had wiped out all the large-denomination currency in the German economy, and because this destruction of German savings and capital had created a catastrophic crisis in the German economy as a whole. It was therefore, of course, possible to put both the 810 trillion and the 2,300 million Rentenmarks into circulation without this triggering even the slightest inflationary effect.

The large amounts of money circulating in the economy had, after all, amounted to a multiple of this sum, and this multiple had been present and effective in the German economy – if not in its entirety as actual purchasing power, then at least continuously as potential purchasing power.

This clear and simple realisation resolves and explains the 'much-vaunted' miracle of the Rentenmark. It is a matter of course, not a miracle, and no one can claim that a considerably larger supply of Rentenmark notes could in any way have had a detrimental effect on the stabilisation of the mark.

The anxious clinging to the 2.3 billion Rentenmarks was nothing but a manifestation of the narrow-minded fear and fiscal incompetence of our current Minister of Finance.

This unfortunate lack of understanding, however, has now had a doubly disastrous effect on the German economy. On the one hand, it completed the state's outrageous plundering of the savings of mortgage creditors and savers; on the other hand, it deprived the German economy of its large-denomination currency, its credit base. It plunged millions upon millions of hard-working people into the bitterest misery and, at the same time, plunged our entire agriculture and industry into the most severe credit crisis and thus into the clutches of finance capital.

Never before has the dominance of pure loan capital over productive labour been more complete than it is today; at no time has the German economy been more worn down, more hounded to death than during this period of Dr Luther's 'glorious' mark stabilisation.

The third Emergency Tax Ordinance of 14 February 1924 has this crime of inflation with all the resulting from it itself

stabilised and legalised the resulting consequences.

National Socialist Library Founded
in 1927, 45 issues to date

Foreword to the first issue:
'The Programme of the NSDAP' (400,000–450,000 copies, 1932)

The 1926 Party Congress in Weimar called for the publication of a series of pamphlets which, in short, fundamental and programmatic treatises, would cover all the important areas of our entire political life. These pamphlets are intended to provide a completely uniform and coherent picture of how National Socialism approaches the various tasks of our public life, and how it intends to remedy the shortcomings and errors.

The aim, therefore, is to examine fundamentally 'how things stand', then to investigate scientifically 'where they came from', and finally, in a creative and constructive manner, to provide an answer to the crucial question: 'What now?' To point the way to new paths in public life, monetary policy and the economy—that had to be the main task of these booklets; in this respect, these works should and must differ from the usual writings, which, out of sheer academic rigour, do not dare to go beyond the retrospective review of the 'historian', or beyond 'objectivity' and 'objectivity' – to give every opinion a voice.

The task of this series of publications is to erect a 'rocher de bronze' amidst this chaos, to distil clear insights from in-depth studies, and thereby to forge a unified political will.

For this reason, it is self-evident that, whilst enjoying complete freedom in their individual content, all the writings must unalterably and unwaveringly set out, clearly and unambiguously, the few great fundamental ideas of National Socialism.

Adolf Hitler has entrusted me with the task of publishing this series of booklets. These booklets are intended to constitute the Party's official literature.

I am presenting the first booklet to this year's Party Congress: 'The Programme of the NSDAP'. I would like to express my special thanks to our Führer, Adolf Hitler, for reviewing the manuscript.

Murnau am Staffelsee, August 1927

From the foreword to the fourth edition

At the Reichsführer Conference on 31 August d. J. (1928), Adolf Hitler stated emphatically:

'Programmatic issues are not on the agenda of the leaders' conference; the programme is set, and I shall never tolerate any the programmatic foundations of the entire movement." I wholeheartedly endorse this decisive statement by the Führer, for nothing is more dangerous to the survival and momentum of a political movement of our kind than when its firm foundation—the programme—is subsequently subjected to negative criticism or becomes the subject of disputes.

Anyone who, on the Jewish question, in our struggle against high finance, against the Dawes Plan and policies of impoverishment, or on other matters of policy, believes they cannot agree with our firmly established paths and goals ; anyone who believes they can 'buy' the freedom of the German nation through the League of Nations or the Locarno Pact, or through compromises and cowardice, has no place among us and stands outside the NSDAP. We categorically reject their private pretensions to superior knowledge, which often tend to manifest themselves quite intrusively in wise speeches and written effusions.

Furthermore, we reject the '"admittedly—but" types', who generally agree 'admittedly', 'but' always have a 'but' ready regarding some point or other.

The situation is different, however, when, for example, a point in the programme is exploited by outsiders for misinterpretation or by political opponents for malicious interpretation, as has already happened. In such cases, an official comment must be issued.

Thus, Article 17 of the 25 programme points, taken out of context, has been subject to a malicious misinterpretation and spiteful insinuation by our opponents. Adolf Hitler therefore issued the following statement on point 17 on 13 April 1928, at my suggestion:

Statement

In response to the mendacious interpretations of Point 17 of the NSDAP's programme by our opponents, the following clarification is necessary.

Since the NSDAP is committed to private property, it follows that from itself, that the passage 'Expropriation without compensation' refers solely to the creation of legal provisions enabling land that has been acquired unlawfully or is not managed in accordance with the public interest to be expropriated where necessary. This therefore applies primarily primarily against the Jewish land speculation companies.

Munich, 13 April 1928.

signed Adolf Hitler

There can, of course, be no question whatsoever of the NSDAP restricting German land ownership in towns and

countryside to its rightfully acquired property rights, as was maliciously insinuated during the last election campaign by the Landbund, the Farmers' Party and the German Nationalists. No party pursues a clearer and more purposeful land policy than we National Socialists. It is absolutely clear from the spirit and intent of our overall programme that expropriation can only apply to such German land and property which, particularly during the period of inflation, has been swindled away from German owners—often for a pittance—by foreign or domestic profiteers and usurers, mostly Jews, or also in the case of large estates which are not managed in the public interest for the purpose of feeding the people.

It is the task of the National Socialist Library to publish, over time, fundamental treatises in the spirit of our programme on all areas of public life affected by it.

It is the intellectual armoury for our struggle for liberation.

Murnau am Staffelsee, September 1928.

Profit-sharing

First published in *Volk und Gemeinde*, a monthly journal on National Socialism and local politics, edited by Ing. Rudolf Jung, Troppau, 1929, Issue 8

1. The Problem

It is telling that, within social democracy, the demand for profit-sharing is one of the most hotly contested issues. Capitalism has long since resolved the issue in its own favour. The holder of a share or a certificate of participation in any company shares in the company's profits without any effort or labour on their part. The money alone 'works for them'. It is precisely this form of profit-sharing that has led to the greatest and most glaring injustices – indeed, to a veritable separation of capital and labour.

Without the capitalist even needing to know where the production facilities are located of which he owns shares, stock certificates, participation certificates, etc., without him having to do anything at all to
'his' company, without having the slightest interest in the quality, economic necessity or standard of the products, without having to concern himself in the slightest with the social conditions or the health and safety provisions in the interests of the workers employed there — he, the capitalist, the shareholder, the holder of shares or participation certificates, is the sole beneficiary of the profits.

It is surely clear that such a system must provoke the sharpest criticism from a moral and social standpoint. But it is equally clear that the primary task of any production facility — increasing yields and continuously improving production — must also suffer as a result. It is precisely here that capitalism reveals its disastrous effects.

For the capitalist, however, there is nothing more convenient or agreeable than this form of exploitation of the labour of all those involved in production.

It is therefore only natural to call for the abolition of unearned income derived purely from the ownership of capital, and to strive to ensure that the profits of enterprises are channelled to those who generate them. Social democracy has simply coined the slogan for this: ‘Down with capitalism!’ The direction in which this demand played out, however, was by no means directed against the pernicious interest-capitalist form of company law, but was directed in a highly one-sided manner against the entrepreneur who, by virtue of owning the means of production, was able to reap an unjustified profit. This profit was to be socialised. Here, once again, it becomes quite clear that social democracy is by no means concerned with the elimination of an obvious and cruel injustice, but rather with the denial of individuality and the merits arising from it. Not

The Marxist struggle was directed not against the capitalist system, but against the high-achieving individual, the entrepreneur, the business leader. The person who makes the invention, takes the risk, organises the work and opens up new markets is regarded by social democracy as the exploiter against whom it mobilises the masses' instincts of hatred and envy.

The driving force for the Marxist demand for profit-sharing is therefore not grounded in social ethics, but is an outflow of the mobilisation of the basest instincts amongst the masses.

In this way, the demand for a just distribution of value—which is, in essence, on such a high ethical plane—is constantly in danger of being distorted either in a capitalist or a Marxist-socialist manner, all the more so as this demand caters to selfish instincts, indeed, springs from them. The demand for profit-sharing, as we National Socialists understand it, must therefore keep itself free from both capitalist and Marxist dross in equal measure. Admittedly, it will not be entirely easy to avoid these two pitfalls in practice. This seems possible only if the universally binding principle of 'the common good before self-interest' is observed.

I have repeatedly drawn attention to the extraordinary difficulties involved in personal and direct profit-sharing . The formulation: "We

"demand a share in profits", this first and foremost obliges the legislator to clearly define the term "we". Does ‘we’ refer to the workers, employees and civil servants employed in individual enterprises, or does ‘we’ encompass the entirety of the working population, or is ‘we’ restricted to the National Socialists or to the National Socialist state, which, as the representative of the whole, demands a share of the profits from production? From the overarching perspective of breaking the yoke of interest, personal, direct profit-sharing – such as the introduction of workers’ shares – must be rejected. This is a favourite tactic of the capitalist side, particularly when socialist interventions loom. It is preferred to throw the snarling mongrels a bone to squabble over, whilst the big capitalist remains free to continue reaping his spoils, albeit to a somewhat lesser extent.

2. When is profit-sharing justified?

We must be fundamentally clear that profit-sharing is morally and economically justified only if the person claiming a share in the profits has also contributed to those profits through special personal achievement. It would fundamentally contradict the sense of social justice if absolutely every day labourer who carries out any kind of loading work, who sits at the entrance as a porter, or who performs cleaning and maintenance work in

who is required to carry out his duties within the factory premises – including those who, as part of the overall production process, are tasked with performing a specific, routine task, such as operating machinery or distributing or supplying raw materials – could claim that their work has any significant influence whatsoever on the company's operating results and, consequently, on the profits of the enterprise as a whole. Admittedly, diligence and conscientiousness must and can be demanded of such tasks, and these must then be rewarded with appropriate remuneration. Nor would it be justified to underestimate such tasks, as they are all indispensable. However, they are not of equal importance to the economic profitability of an enterprise. Whether it is Meier or Huber who shovels the coal wagons that have arrived into the bunkers is entirely irrelevant to the company's profitability. It is, however, by no means irrelevant whether the technical director devises a clever, labour-saving design, whether a chemist invents a new compound that massively increases turnover, or whether a commercial director produces an incorrect calculation. Such 'intellectual achievements' are of decisive importance for the success or failure of a company. The company's profit or loss depends on them. It is certainly important that the technical staff apply themselves wholeheartedly and suggest improvements here and there, as well as that the plant managers constantly a

They may devote their attention to general performance improvements in the sections under their supervision — but even so, these measures, which are valuable in their own right and increase profitability, cannot influence the overall result of the company as a whole to such an extent that a legal claim to the company's profits could be derived from these specific achievements. It is entirely conceivable that a series of excellent technical improvements in one part of the business might be devised, organised and implemented by an engineer or foreman, whilst a substandard or clumsy advertising by the sales department, on the one hand, renders the improvement completely illusory; just as it is also possible – and, unfortunately, all too often the case – that a downturn in the economy can nullify even the most ingenious improvements and deprive a company of its share of the profits. Conversely, it is entirely incomprehensible why an indifferent or uninterested technical officer, who merely sits out his office hours, should share in the profit that has been achieved solely through the brilliant promotional tactics of the head of advertising, or through technical improvements at another production site, or even through an ingenious reorganisation of the entire business. It is clear that the extraordinarily numerous practical difficulties led to major injustices here, so that one must examine the entire problem with the utmost restraint

must. Such complex issues are least of all resolved by resorting to soundbites. It seems entirely right, fair and appropriate that special remuneration should be granted for special achievements. How often – to point out a few extremes on the other side here – have the most ingenious inventors ended up as poor wretches? How often is it not the engineer or foreman who conceived a technical innovation who reaps the benefits, but a shrewd capitalist who 'finances' such an improvement! And yet the demand for profit-sharing has a deep moral core, provided that the profit-sharing accrues to the person who, through their work, has been primarily responsible for generating the profit.

How often do we proclaim: The National Socialist state must be a state of labour and achievement! For us, the value of the individual is central. It is not the masses as such, nor the individual as such, who are entitled to make claims, but rather that each person should receive their due according to their diligence and competence. Profit-sharing can therefore only be in keeping with the National Socialist spirit if it is based on these overarching principles.

3. Who is entitled?

Logically, the scope of the right to a share in profits cannot extend beyond the area in which the individual works and over the results of whose work he can exert influence through his performance and competence. A simple metal turner , for example , has , in my view

undoubtedly has a claim to a share of the profits from his workshop if, through skilful techniques which he himself has devised, he increases the output — the yield — of his workshop by a not inconsiderable amount. Similarly, the bricklayer who completes twice as much work as his colleague next door undoubtedly has a claim to the profit generated by his efforts within the context of the whole. Admittedly, the higher the rank and position of an individual employed in a factory, the higher their fixed remuneration—their salary—and this generally already includes a profit-sharing component. That is precisely why they are a director or plant engineer: so that they may constantly devise, organise and implement improvements—in the service of the whole.

If such a director or works engineer were to demand a special share of the profits for every single improvement carried out in the course of his duties, this would stand in stark contrast to the concept of public service. After all, state or local government officials are required to waive any claim to a share of the profits from the outset. Where would we end up if the senior civil servants senior government advisers and railway presidents, all the shunters and workshop workers at a transport company serving the public good, such as the state railways were, were to demand a share of the profits?

There is no doubt that profit-sharing provides a tremendous incentive for any kind of work. There is no doubt that a fair profit-sharing scheme or – or, to put it more accurately :

distribution of value significantly increase profitability. From this perspective of increasing profitability , profit-sharing must somehow be resolved in a positive manner.

4. Previous attempts at profit-sharing

Attempts to give workers a share in the profits of the commercial enterprises in which they are employed date back to the beginning of the last century. Particularly in England and France, various attempts have been made in this direction, some of which were abandoned after a short period. Böhmert, J. St. Mill, Leroy-Beaulieu and others have praised this 'wage system' as a radical means of improving relations between employers and employees. To regard this as a 'solution' to the social question is, of course, going far too far. In order to gather evidence, Professor Böhmert organised a survey as early as 1878 on the experiences gained. In 1883, the French Ministry of the Interior conducted an inquiry. In 1900, an international congress on the promotion of profit-sharing was even held in Paris. However, of the multitude of these attempts, only a relatively small number can be cited as being of genuine value. A certain form of profit-sharing has only truly proved its worth in the fishing industry, particularly in sea fishing and whaling. The companies, the naturally the

As the crews of the various fishing barges and sea-going vessels cannot be supervised, the fishermen share in the profits. The prospect of a share in the profits, in addition to their fixed wages, encourages them to work harder and to show greater diligence and discipline. (It should be noted, however, that this is a perfectly natural process and applies to situations involving a strictly limited group of people with a strictly defined task, the fulfilment of which rests exclusively with that group.)

In agriculture, too, experiments with profit-sharing have taken place, some of which were met with favourable results, but all of which were rooted, to a greater or lesser extent, in the more patriarchal mode of agricultural operation. Thus, the well-known economist H. von Thünen introduced a proper profit-sharing scheme for the villagers employed on his estate at Tellow in Mecklenburg. Under this scheme, each of the approximately 20–30 workers on his estate received half a per cent of the surplus yield exceeding a specific sum set by him (18,000 marks). The resulting sums were not paid out in cash but deposited in a savings bank. They were intended to be made available to the beneficiaries from the age of 60 onwards, to ensure they enjoyed a carefree old age. The system is said to have proved its worth. It naturally came to an end on the day the estate was sold in 1896. In this case too, is likely to expect, that the social spirit and the

care, in the patriarchal sense of the employer for his workers, were in fact the decisive factor in maintaining economic peace between the landowners and the villagers. More recently, the Reich Land Workers' Federation introduced wages with profit-sharing.

In industry and commerce, we must from the outset disregard the form of profit-sharing that is limited to bonuses, gratuities and special allowances for senior officials and employees. For this purpose, sound and entirely appropriate arrangements have long since been established in a wide variety of companies and have proved their worth. However, it must not be overlooked that this is by no means a form of profit-sharing that would constitute a general and direct sharing of profits amongst all those engaged in productive work. This form of profit-sharing is better characterised by the terms 'performance-related allowances' or 'bonuses'. Moreover, such performance-related allowances are usually not directly proportional, in percentage terms, to the net profit achieved by the entire company.

Moreover, it is precisely large-scale industry—with its thousands of manual workers and its apparent or actual profits—that is the target of those seeking any form of profit-sharing. It must seem striking that the number of attempts is by no means in proper proportion to the vast number of enterprises , and ; that , as reported by ,

attempts, which in turn owe their existence mostly to the particular sense of social responsibility on the part of the relevant enterprise, owner or manager, have yielded only the very few truly positive results. It can be traced very clearly that one can only speak of real benefit in terms of increasing profitability where high-quality work is involved. A well-known example is the enterprise of the French house painter Leclaire, who as early as 1843 gave his painters, decorators, wallpaperers and interior designers a share in the company's profits. This involved a relatively small group of people with a distinct high-quality work in a craft-based business. On a larger scale, we find a similar initiative at the Dequenne and Co. factory for heating appliances and kitchen equipment, which employed up to 1,600 workers. The profit-sharing scheme introduced in 1876 was used primarily to establish magnificent welfare facilities (workers' housing, co-operative shops, insurance funds, nurseries, libraries, etc.).

In England, a well-known case is that of the Briggs Son and Co. coal mine in West Yorkshire, where, following endless labour disputes, better relations were established in 1865 through the introduction of a form of profit-sharing. Briggs converted his company into a joint-stock company , retaining two

thirds of the shares for itself and distributed the remainder amongst the employees. For a short time, this system worked satisfactorily, but very soon gave rise to new disputes and was subsequently abolished. In England, a total of 330 cases of such profit-sharing schemes were recorded between 1865 and 1920. Of these, more than half (192) were abandoned. Those still in existence are spread across gasworks (36), commercial enterprises (26), food and drink (16), machinery and shipbuilding (14), weaving (17), printing (13), agriculture (8), banking and insurance (5), and the construction industry (3) – that is, across a relatively very small number of businesses. At most, the profit-sharing ratio amounts to approximately two weeks' wages. In Germany, where there are around 20,000 public limited companies and 50,000 limited liability companies (GmbH), alongside a few hundred thousand general partnerships and sole traders, profit-sharing was implemented in 29 enterprises in 1922; 66 enterprises had discontinued profit-sharing. In 13, there was capital participation, and only in 16 enterprises was there profit-sharing in the strict sense. Thirteen of these had adopted Thünen's principle, according to which the profit share was not paid out but deposited in a savings bank to be paid out upon reaching old age, upon leaving the company or upon death. The combined profit- and capital-sharing scheme, as practised relatively widely in America and Great Britain,

The most common form of this practice is recorded only once in Germany. In a few cases, the workforce as a whole held a collective stake in the company. However, the share granted to the workers was not particularly substantial, and for this reason there could be no question of a genuine increase in profits. It was more a consequence of the socialist revolution that led some entrepreneurs to promise workers a share of their profits in order to appease them. A historically well-known case in Germany is that of the Borchardt Brass Works in Berlin, where, after deducting a six per cent preferential dividend on the capital, half of the remaining profit was distributed between the company and its employees. However, this system was abandoned after just five years, as the prospect of such a small share offered too little incentive for individual workers to maintain peak performance, and favourable buying and selling conditions – in other words, the economic cycle – were of far greater significance in determining net profit. Apart from that, experiments with profit-sharing were carried out only at the Halle Machine Works and at the Freese Blinds Factory in Berlin.

Finally, mention should be made of the Zeiss Works, where Ernst Abbe, who later became the sole owner, whilst not overlooking the fundamental reservations regarding profit-sharing, paid out supplementary wages and salaries depending on the profits of the individual financial years. In good financial years , this wage and

back pay have also been paid out. Here, too, it must not be overlooked that the focus of social welfare measures lay elsewhere, in that Ernst Abbe, first and foremost and as the most important prerequisite for the continued prosperity of his enterprises, provided substantial funds for economic preparatory work, so that Zeiss was always able to maintain its global reputation as an optical institution. Furthermore, he made a significant contribution to the regeneration of the city of Jena, particularly its working-class districts, and, moreover, ensured the health and well-being of the working class in the most generous manner by establishing workers' housing estates. Nevertheless, discord arose immediately here too when, under the influence of the war and the revolution, the profits of the enterprise failed to materialise and , and no
'back pay' could be made. Jena was one of the most radical communist strongholds in Germany.

In America, profit-sharing is organised in a purely capitalist manner. The American steel trust offers its employees small shares.

5. Profit-sharing as a means of increasing production?

There are essentially two perspectives to consider regarding the issue of profit-sharing. Namely, whether the aim of introducing profit-sharing is to increase production, or whether it is intended to have a socio-ethical effect in the sense of facilitating the organisation and management of the

company by fostering mutual trust.

An increase in overall production as the aim of profit-sharing can only be expected if individual workers have sufficient insight into the business as a whole, including the difficulties of an operational, commercial and even political nature – which, of course, is to be expected in very few cases. Furthermore, the specific nature of the individual enterprise is of crucial importance. In large enterprises, which are subject to fluctuations in the global economic cycle, where prices are determined by the formation of conglomerates and trusts, and where it is essential that plant and equipment are always maintained at the very cutting edge and operated under constant scientific supervision, even the greatest efforts of individual hard-working workers cannot exert any significant influence whatsoever on the final production outcome. The individual worker at the blast furnace or in the rolling mill cannot possibly grasp the full scope of the operational, commercial, technical, local authority and fiscal policy factors; and even if he could, the overwhelming multitude of all these factors would have a paralysing rather than a stimulating effect on his enthusiasm for work. Added to this is the fact that, particularly in large enterprises with a vast workforce, the proportionate share of profits is, even in good years, extraordinarily small; it amounts to only in exceptional cases 7 % of the wage bill ,

but usually remain below 5 per cent. The hopes pinned on the effect of profit-sharing on increasing production are mostly based on a lack of understanding of the fundamental circumstances. Arrangements tailored to the worker's own immediate sphere of activity could prove incomparably more effective in improving the economic situation of the individual enterprise. If, for example, a worker was able to earn between 80 pfennigs and 1 mark on a piecework basis before the war, starting from an hourly wage of 50 pfennigs – which was the norm, for instance, in piecework bricklaying – meaning that he

Given that a worker could earn 2,400 marks for 300 ten-hour working days instead of 1,500 marks, such a system is undoubtedly of far greater significance for increasing the willingness to work – and thus for boosting productivity – than even a profit-sharing scheme amounting to 10 per cent of wages; quite leaving aside from that, that even even under the most favourable arrangements, the workers would still feel they were being short-changed.

6. Social-ethical implications of profit-sharing?

If the socio-ethical aspect is to be regarded as the primary purpose of profit-sharing, one cannot simply stop at profit-sharing alone, but must inevitably go further to include co-ownership and the right to co-determination; in other words: one must add the democratic principle to the capitalist principle of profit-sharing and be prepared to introduce parliamentarism into the economy as well. What

might be gained in this way in terms of easing the tensions between employers and workers—by the workforce gaining an insight into the countless factors and difficulties involved in organising and managing a business—will be lost again due to the endless obstacles created by workers' councils, works councils, in short, by the entire parliamentary administration of such a business. For small and specialised businesses, such possibilities certainly exist and should by no means be opposed. But it must be made quite clear that all such liberations depend on a willingness to understand, and a willingness to understand can certainly not be enforced by statutory provisions. We will have to dig much deeper here in order to bring about a change in outlook, particularly within business circles. However, a new ethic of economic thinking can undoubtedly only be initiated if the fundamental flaws in the purely capitalist way of thinking and operating are mitigated or eliminated by the National Socialist worldview.

The conflict between unbridled individualism on the one hand and Marxist communism on the other can, here too, only be resolved by National Socialism in a universalist spirit.

The objection raised by the working class against profit- — namely, that 'the employer is only willing to cede a share of his profits to us workers because he believes this is the only way to safeguard his substantial profits'—cannot simply be dismissed out of hand. Certainly, this notion of profit insurance was also the motivation for most employers to experiment with profit-sharing schemes for the workforce — particularly after the war.

A growing realisation, on the part of both employees and employers, of the ultimate interdependence and interconnectedness of employers and employees within the overall production process will certainly lead to a satisfactory solution to the problem of profit-sharing in the future, paving the way . Fundamentally, the demand for profit-sharing is far too real and rooted in technical and economic factors for one not to consider, at least in theory, the possibility of profit-sharing succeeding in practice. Personally, however, I consider the very form on which hopes for a solution to the problem are currently based to be neither promising nor appropriate, namely: a combination of profit-sharing and capital participation, which, from an organisational point of view, also a participation of those entitled to a share in the management of individual enterprises. In political life, we have

already had the worst possible experience with the introduction of the right to co-determination of taxpaying citizens within the parliamentary system. Agriculture has so far successfully resisted parliamentary methods (apart from works councils) and has fared well as a result. Profit-sharing is, after all, only attractive and of interest to employees as long as the companyis thriving. However, years of losses, economic fluctuations and competitive pressures very quickly cause interest in it to wane, and instead of finding help and support in times of crisis, the company will simply suffer under the burden of its multi-headed management.

7. Legislative measures

It is worth noting a number of legislative measures that have been introduced in various states with a view to facilitating capital formation, particularly insofar as the existing statutory provisions governing public limited companies 'excluded' so-called small shares.

In Germany, the conversion following the period of inflation automatically resulted in a very significant reduction in the nominal value of individual shares. Furthermore, a law has been in force in Prussia since 1912 under which senior management in state-owned mining enterprises share in the profits. The German Lawyers' Congress in 1921, however, rejected a statutory obligation to share in profits and sought to limit statutory regulation

to the optional standardisation of individual typical forms of profit-sharing.

In England, the great enthusiasm for profit-sharing that had prevailed in the middle of the last century has waned. The major miners' strike in 1921 was settled through government intervention, and the workers were granted a share of the profits of the individual enterprises.

In France, the so-called 'work share' was introduced, in the division of labour, not the which capital contribution, forms the basis of the share.

In 1922, Norway, through a special committee, recommended the statutory compulsory introduction of profit-sharing for certain businesses.

The various forms of profit-sharing are as follows:

a) Depending on the property.

1. A share held by an employee in the company in which they are employed.
2. A share for the workforce of an entire sector of the economy in the total profits of the industry in question.
3. A share for everyone in the country's overall economy. So far, only the options listed under point 1 – individual profit-sharing as opposed to the more collectively-based options under points 2 and 3.

b) By group of people.

Here, a distinction can be made:

1. Individual participation by each worker, amounting to a specific percentage of their annual wage, which is calculated and allocated.
2. Collective participation, in which the allocated profit shares are not paid out to individuals but are used for the benefit of the workforce, for charitable welfare organisations, etc.
3. Mixed systems, which result from a combination of the first two types.

c) Based on the basis for profit distribution.

Here, a distinction must be made:

Profit-sharing

1. based on basis of employment, that is to say, on the basis of work performed at the company in question;
2. based on the basis a (usually) shareholding (small share);
3. a combination of the two types.

It is in the nature of things that there are a number of intermediate forms. A prime example of collective participation was the approach taken by the Krupp company in Essen, which, year after year, allocated significant sums – up to 20 million marks – to create a wide variety of welfare facilities. The benefits of these facilities cannot be overestimated in terms of maintaining the health of the workforce, improving the living conditions, and in particular the

domestic life, and facilitating physical exercise through baths, gymnasiums, laundries, etc. It is worth noting that these contributions were entirely voluntary, without any obligations whatsoever. In this way, the best possible use of the funds in the service of the workforce was also ensured. Admittedly, very few will wish to regard this as profit-sharing in the strict sense of the word. However, if one compares the actual benefits with the sums that would have accrued to the individual worker under an individual profit-sharing scheme – namely, at most 5 per cent of his wage – the extraordinary superiority of this form of collective worker participation in a company's profits over the individual method becomes apparent.

An extra 5 per cent in a working-class family's household budget would never be enough to improve their general standard of living to any significant extent. Under no circumstances would these sums have been saved, nor would they have made possible such immense contributions to the common good as those described above.

8. The economic and scientific aspects of profit-sharing

Profit-sharing is the result of certain deliberate decisions. The first question concerns the necessity of an allocation from the company's profits in addition to the fixed wage. Secondly, it concerns whether it is possible to grant the worker, in addition to the fixed wage, a certain bonus drawn from the margin between the cost price and

Market price. What the last, it there isundoubtedly that this is a possibility for a whole range of industries, since, as is well known, even when market prices are uniform, individual enterprises are run with varying degrees of efficiency, which results the profit opportunities of better-managed enterprises increase compared with those that are not so well managed. For the less well-managed and managed companies — and this are indeed the majority — the more unfavourable factors that come into play — such as the tax burden, an unfavourable location, expensive rail links etc. One statutory provision of a mandatory profit-sharing would present extraordinary difficulties, and it would — if were introduced — the many smaller enterprises would be ruined, whilst the few fully modernised businesses could continue to enjoy significant profit margins, as they would be able to significantly expand — if not actually monopolise — their operations through the elimination of competition. The overall economic climate remains of particular importance in all of this. It will never be possible to determine with any certainty which factors of production deserve a particular share of the total revenue. A general, economic argument in favour of the right to a share of profits for employees cannot therefore

.

For the vast majority of unskilled workers, for the masses of workers in heavy industry, the textile and chemical industries, and for transport companies, the influence of work performance in terms of quality and intensity has been removed given the current state of rationalisation in operational organisation. Consequently, it is difficult to derive a moral right to profit-sharing, particularly for the masses of industrial workers. Certainly, profit-sharing does not arise theoretically on the basis of an ethical postulate. Until now, it has stemmed from the will of the entrepreneur, who thereby demonstrated his social conscience, particularly when he did not practise profit-sharing in the narrow capitalist sense of an individualistic distribution of profits, but rather, out of a spirit of social responsibility, provided for the collective well-being of his entire workforce. In doing so, the entrepreneurs concerned have, in most cases, also best ensured the productivity of their enterprises and have stimulated the workforce's interest in the enterprise as a whole and for the bridging the class-based antagonisms between employers and employees.

The Reichstag's betrayal of the people

Speech on the Young Plan on 7 March 1930,
Stenographic Reports, pp. 4229–4232; cf.
*Völkischer
Beobachter* of 15 March 1930

I am of the opinion that there is no better illustration of the 'relief' that the Young Plan brings us than the new tax laws. Precisely what one always

What was supposed to be a 'relief' for the German economy has turned out to be quite the opposite. No less than 700 million in new taxes are being imposed; the beer tax is being increased by 75 per cent, amounting to 240 million; petrol and benzene duties will yield 65 million; tobacco duties will bring in 30 million more; the mineral water tax will yield 40 million; and the tax burden on industry is being maintained, even though it is supposed to be reduced under the Young Plan – it is being set at 280 million, and so on.

One really has to wonder how, in the light of these facts, there are still people in Germany who are now campaigning for the adoption of the Young Laws. I do not wish to go into the details of the table of payments; it is sufficient to keep reminding the German people that, under the Young Plan, they are to pay an average of 2 billion annually for 58 years, whereas, essentially, under the Dawes Plan, the payments should have ended in 1961.

The plain and practical reality is that we pay annually
Having to pay 2 billion gold marks in foreign currency, and this is where the first fundamental question arises as to the feasibility of these payments. It is not without its appeal to quote the most prominent figures in this Republic on this matter. Mr Gustav Stresemann, certainly one of the more distinctive representatives of modern German politics, stated verbatim in this House on 24 June 1929: 'Do you believe that any member of the Government would declare: "I guarantee that the Young Plan is feasible"?'

So that is the state of affairs regarding the German Government's confidence in its ability to implement the Young Plan.

Around the same time, the Prussian Prime Minister Braun left no doubt as to this view with the following statement: 'I have strong doubts as to whether, according to our experts' assessment and in view of the heavy payments made in the past, it will be possible to raise 1,640 million Reichsmarks over a period of 37 years.'

'Comrade' Wels expressed a similar view in Magdeburg in May 1929: 'We must reckon with the fact—which no party congress resolution can dispel—that a considerable portion of the proceeds from the labour and production of the German people cannot be used for the common good of our own country, but will continue to flow to the creditors of reparations for decades to come.'

There is no doubt as to Dr Schacht's position. His memorandum of December seems to have been completely forgotten by this government, which is so obsessed with fulfilling its obligations. I would also draw attention to the German delegate in Paris, Mr Vogler, who, at least by resigning his post, has made it clear to the German public that under no circumstances can he lend his name to such an unworkable scheme. I fail to understand how you, of all people, Dr Curtius, can be so eager to push for its adoption. Your argument that retaining the Dawes Plan would lead to a crisis is particularly strange coming from your party. It was you and your party who once praised the Dawes Plan to the skies. After all, to quote your great statesman Stresemann, the Dawes Plan was a silver lining on the horizon for you; for you, the adoption of the Dawes Plan was a sign of the utmost economic wisdom. Mr Stresemann described this Dawes Plan as the 'Bible of the economy'. And now everything that you once praised to us is bad and wretched. Your current stance is nothing short of a condemnation of the entire policy pursued to date. Not only that, it is also a sign of political dishonesty. It means nothing other than that you now wish to distance yourselves from your previous policy.

We National Socialists have no intention of defending the Dawes Plan, for it was we, in

unlike our present allies in the struggle against the Young Plan, the most uncompromising and forthright opponents of the entire policy of debt repayment. That does not, of course, prevent us from always pointing out the one aspect of the Dawes Plan which, in the light of the current crisis, would begin to work in Germany's favour if we had a government that truly represented German interests and did not kowtow to the enemy alliance in perpetual subservience. I am referring to the protection of transfers.

First, a few words on the background and development of the Young Plan. At the Paris Conference, Germany was represented by experts; it is telling that these were not, in fact, government officials or statesmen , but bankers and business leaders. This German delegation in Paris was given a single guiding principle: 'No agreements may be concluded which, after the most conscientious examination, would endanger the livelihood of the German working population.' Attempts were made to comply with this mandate. It is well known that Dr Schacht initially intended to take only an offer of 800 to 1 billion to Paris. I would remind you that the figure was subsequently driven up to 1,640 million. As mentioned earlier, the Prussian Minister-President Braun had already voiced his strong reservations about this.

Then came the second stab in the back: the statement in the *Vorwärts* that one must not allow oneself to be overly influenced by these

We must not make this dependent on economic experts, but must go beyond that for political reasons. It was Comrade Severing who, in his infamous speech at the time, declared the figure of two billion to be entirely open to discussion and acceptable. Subsequently, a direct order was issued to accept the average annuity of two billion, and, as you know, this was also signed in Paris.

I can only equate this behaviour on the part of the German Government with the November Betrayal of 1918. Such behaviour constitutes treason, an accusation which the SPD by no means regards as an insult, but rather as a badge of honour, as Mr Seydewitz has made clear. Mr Seydewitz stated in the socialist pupils' association at the Fürst-Bismarck School in Berlin: 'It is therefore an unreasonable demand if we ask the Entente to remit our reparations. The accusation of treason is a badge of honour for us." Similarly, the Social Democratic headmaster Dr Kawerau, head of a grammar school in Berlin, expressed himself in the spring of 1929 in a lecture entitled 'The Struggle over the German History Textbook' at the Herrenhaus:

'We demand that Germany's guilt for the World War finally find its way into German history books.' The Social Democratic Member of Parliament Rosenfeld in Stettin expressed himself in the same vein: 'It is the duty of the SPD, to ensure that in Germany

will not violate the Treaty of Versailles: for Versailles is German imperial law, and in a state governed by the rule of law, no unlawful acts whatsoever may be tolerated."

Rest assured, gentlemen, these matters will be recorded in the great ledger of the German people's guilt, and in the not too distant future you will have to answer for them before a German State Court; and in the forthcoming state, treason carries the death penalty.

Equally untenable is the position of the Centre Party. The chairman of the Centre Party, Prelate Kaas, stated unequivocally in Saarbrücken: 'Adoption of the Young Laws can only be considered in tandem with the settlement of the Saar question.'

Yesterday, we were able to gather from Mr Ulitzka's convoluted statements that the Centre Party is preparing a complete about-turn.

As for the Democrats — though I can't see a single member of this dying party here any more — one expects nothing other than a timid, vacillating policy between the two major neighbours. After all, they survive solely on the goodwill of these two parties and the major Jewish press. But it is precisely here that I must point out the political spinelessness with which democracy is today championing the Young Laws and joining in with the government's ridiculous cries of crisis, as if we were not in the midst of a crisis. We are, after all,

in the midst of a crisis, are we not, Dr Curtius? — In March, when the Paris Conference was threatening to collapse, the
'Berliner Tageblatt' declared: 'Do not fear the adverse political and economic consequences of rejecting the Young Plan; the result would merely be the retention of the Dawes Plan, whose transfer protection provisions would have to come into force at the earliest opportunity, so that our opponents would then receive less than they would now under the new figures of the Young Plan.'

A few more words for the Bavarian People's Party, taken from the speech by their Bavarian Minister-President, Dr Held. Minister-President Dr Held made the following statement in the Bavarian State Parliament: 'This is a matter of financial control over Germany. The decision on the fate of the nations involved is placed in the hands of a select few financiers.' Finally, the Bavarian Minister-President, Dr Held, pointed out 'dishonesty of the first order' when the parties commit the German people to contributing a certain amount, yet fail to ensure that we adopt a fiscal policy which enables us to fulfil these promises. He continues:
"A financial reform was promised in the autumn that was supposed to bring tax relief. That was a massive deception, and the German people have never been treated as shabbily as they are now. I cannot say 'yes' when I am convinced that the demands are impossible to meet."

That, ladies and gentlemen, is the view of the most prominent representative of the Bavarian People's Party – the very same party that is now apparently prepared to give its approval to the treaties.

To summarise, I may state: in this House of low calibre, there is not a single governing party that considers the Young Plan to be feasible. However, as this is a definitive matter and action is to be taken in accordance with the will of the parties involved, it would constitute a gross dishonesty on the part of German politicians towards the contracting parties to sign something that one considers unworkable. Only a scoundrel promises more than he can deliver.

In summary, I put the following questions to the Government.

1. In light of what has been said, do you consider the New Plan to be achievable, yes or no? Dr Curtius, phrases such as 'I refuse to make predictions' are unworthy of a responsible statesman. If so, then you bear the responsibility; if not, why are you signing it?
2. Do you really consider the New Plan to be a step forward, when you seriously consider that the Dawes Plan provides for the possibility of a reduction, or even a suspension, of reparations payments?
3. How do you explain the strange sentence in the Young Plan:
   "If Germany is unable to meet its obligations , the Bankers' Conference

consider ways of contributing to the expansion of world trade, namely by financing German enterprises — particularly in the underdeveloped countries — which would otherwise probably have to be the usual existing financing options?" Does this not entail the terrible danger of being obliged to export people in the event that we are simply unable to raise the necessary billions in foreign currency ? Which means in 'underdeveloped countries'? It is well known that the World Bank is planning a motorway from Cairo to the Cape. Such a project is certainly feasible. But who is to carry it out? This is precisely the sort of situation in which German unemployed people will be exported and turned into slaves. How do you intend to protect the German population from this appalling prospect? From the prospect of being exported as white slaves?

4. Are you prepared to answer for your actions with your own head before a future State Court?
5. Are you prepared, at the earliest opportunity, to submit to the Reichstag the draft legislation that follows as a logical consequence of the full restoration of Germany's sovereignty which you claim to have achieved, as we have set out in our motions Nos. 1704 to 1708? These motions read as follows:

Motion Nos. 1704: The Reichstag be resolved: The Military Equipment Act of 27 July 1927 (Reich Law Gazette I, p. 239) is hereby repealed with immediate effect.

Motion No. 1705: The Reichstag be resolved: The provisions of the Treaty of Versailles and the related agreements, under which Germany's army strength may not exceed 100,000 men, shall no longer be recognised by the German Empire following the possible adoption of the Young Plan.

Motion No. 1706: The Reichstag be resolved: Simultaneously with the possible adoption of the Young Plan, the German Empire shall regain full sovereignty over German rivers and streams. The provisions of the Treaty of Versailles that conflict with this shall no longer be recognised.

Motion No. 1707: The Reichstag be resolved: The resolution of the National Assembly of 18 December 1919, by which Article 61(2) of the Constitution of the German Empire was suspended, is hereby repealed.

This concerns the annexation of German Austria. Motion No. 1708: The Reichstag is requested to resolve that Article 178(2) of the Constitution of the German Empire be simultaneously with the any adoption of Young Plan.

This actually refers to the German Basic Law, according to which the provisions of the Treaty of Versailles Treaty take precedence over provisions of the

Reich Constitution. If you truly regard the Young Plan as the settlement of the war and as a final agreement with the enemy states, then the adoption of our motions is the logical consequence.

I come to my conclusion: the National Socialist German Workers' Party's stance on the Young Acts is beyond any doubt. As

As an unwavering consequence of our overall political stance towards the entire policy of compliance, we categorically reject the Young Acts. I declare on behalf of my parliamentary group: we regard the adoption of the Young Acts as a deliberate and conscious betrayal of the people.

The ministers and party leaders who have perpetrated and endorsed this betrayal of the people will not only be held accountable by history, but we hope to be able to bring them before the State Court of Justice of the coming Reich in the near future.

We National Socialists deny this Reichstag and this Government – which, following yesterday's remark by the Reich Foreign Minister, feels it is being 'played like a puppet by the reparations agent' – the right to speak on behalf of the German people today.

We National Socialists speak today not only on behalf of the six million who have already cast their votes against the Young crime in the referendum; we speak today on behalf of vast numbers of voters from the ranks of the governing parties, particularly from the ranks of the Social Democrats, whom you have misled. We speak today on behalf of the entire German people, who are demanding their right to life, who are slowly awakening from the paralysis caused by the crime of November 1918, and who do not wish to see the future of their children and grandchildren pitifully surrendered and sold off by you. Dissolve this Reichstag! Call new elections! Then the

answer of Germany be be than under the rule of a cowardly, despicable policy of compliance!

Reflections on the Young Plan

First published in the *Nationalsozialistische Monatshefte', issue 6, September 1930

Since the end of the war, no political event has stirred the German population more than the struggle over the adoption or rejection of the Young Plan.

Our Members of Parliament and speakers have made their views on the historical context of this matter abundantly clear. Less emphasis has been placed on the fact that this event, too, must not be judged in isolation, but rather as the provisional culmination of a long series of political developments; above all, however, as the end of a tragedy of character for the German people, and as a severe defeat for the Germanic race at the hands of organised subhumanity.

In all such grand-scale reflections on the times, whilst carefully observing the phenomena of the present, we must delve down to the sources of the German national character, its strengths and its faults, in order to be able to understand the present fate from within, and to draw from it the insights necessary for the constructive reorganisation of German life.

It has always been Germany's destiny to found mighty empires and produce cultural masterpieces in the course of its mighty triumphal marches; time and again it has sunk back into internal strife, into disgrace and

Powerlessness. In a heroic onslaught, the youthful vigour of the Germanic peoples shattered Rome's world domination, spilling their finest blood in torrents; yet all the Germanic kingdoms on ancient Roman soil sank into decline and vanished once more, because hatred and envy, discord and, above all, intermingling with the subjugated peoples eroded the inner strength of the ruling class. We observe the same tragedy in the later historical period of the German Empire. A repeatedly recurring rise to sun-like splendour, to rulers of the world: Charlemagne, Otto the Great, Frederick Barbarossa and Frederick II of the Hohenstaufen dynasty, Frederick the Great and William I – and, two generations later, invariably a pitiful collapse. With Louis the Child, the proud Carolingian dynasty came to an inglorious end; Otto III, the son of Theophano, was ashamed to be a German and died as a young man; Conradin met his end on the scaffold in Naples (1268); at Jena and Auerstädt, Napoleon annihilated the Prussian army; Wilhelm II fled across the Dutch border.

Yet this external fate of Germany, which one can, if necessary, glean from the history books, is further overshadowed by the most terrible German tragedy of all: the Thirty Years' War. Historians also record these religious conflicts, but only rarely does anyone venture to point out the very essence of these struggles, as does Alfred Rosenberg in so geistesfreier and

insightful manner in his latest work *The Myth of the 20th Century*. In a magnificent synthesis, Rosenberg reveals the deepest roots of these struggles unfolding within the German national character: honour and freedom and 'love' and blind obedience as antitheses and internal contradictions, causing the German soul to sicken and collapse.

Siegfried and Hagen — Armin and Segest — Sedan and Tannenberg and the Dawes Plan and the Young Plan. Jubilation at victory, the shining sun — a wretched stab in the back and betrayal. Light and darkness — God and the Devil.

What does this have to do with the Young Plan?

A great deal! Almost everything. Because, from a racial perspective, the Dawes Pact and the Young Plan represent the deliberate shackling and slaughter of the German spirit, German labour and the German soul by organised subhumanity.

It is with the deepest consternation that we witness the tragedy of Germany's fate in our own time. Amidst resplendent victories, on every battlefield in Europe, the finest of German youth are shedding their red blood, whilst behind the front lines, dark figures and agitators, Marxists and Jews, are forging the chains and sharpening the dagger. Unaware and guileless, without deceit, the German spirit fails to realise that others are different.

Emperor Wilhelm II's words: 'I no longer recognise any parties; I recognise only Germans' are infinitely telling of

the utter blindness to all the forces and powers that sought Germany's downfall. The statement betrays a complete ignorance of the laws of race; it is an expression of the most dangerous German naivety and false Christian charity. Instead of simply imprisoning those Social Democratic scoundrels at the time, they were allowed to carry on with their work of destruction undisturbed, until the proud German Empire—the most formidable military power on earth—lay in ruins, stabbed in the back by Jews and Marxists.

I have deliberately prefaced this text with these brief remarks, for only when the young, the emerging Germany becomes clearly aware that the great and terrible events of recent years are not mere ordinary struggles or political inevitabilities, but rather a momentous, final decision, a global struggle, a final contest between idealism and materialism, blood and money, labour and capital, light and darkness, only then may we hope that from this insight—which is, in the deepest sense, a racial insight—salvation and liberation will also spring forth for us, and that the Third Reich will prove more enduring than the proud ascendancy of the Wilhelmine-Bismarckian era.

These fundamental insights — and insights are more, much more than mere knowledge — by no means relieve us of the duty to deal with

the specific forms of the current situation in political and economic terms.

Knowledge is power — but it is only knowledge combined with will that gives rise to action.

Only by placing political events within the context of an understanding of the broader interconnections and polar opposites of world affairs can one recognise the course of events that led to the Young Plan, identify its historical precursors, discern the intentions of our enemies, foresee the consequences, and thereby also identify the necessary defensive measures and the prerequisites for them.

The Young Plan is the final link in the chain, the culmination of the political events leading to Germany's subjugation. In the Dawespact it was called it Only the abroad can help us! We must be be that we have at last regained the trust of the international community. Only with foreign capital can we rebuild German economy. This was stated in every possible vein, from Mosse to Scherl, from the Social Democrats to the German nationalist yes-men not otherwise than by what the government itself had previously told the German people — until the

The pact had been accepted.

How we National Socialists were reviled for opposing this political suicide of Germany with all our might; how our resistance to taking out foreign loans in particular was met with scorn and derision by the Strese and Scheidemann factions ! We saw more clearly and more deeply, we predicted

what was bound to happen, what the purpose and intention of the Dawes Pact was, and we also expressed our position in the political statement which I read out in the Reichstag on 29 August 1924 on behalf of the parliamentary group.

In contrast to this National Socialist stance, the Reich Government and the parties supporting the Dawes Act hailed the Dawes legislation as a salvation and celebrated it as a great success of Stresemann's policy of compliance. I quote the most striking statements from the official stenographic reports of the Reichstag dated

23 August 1924. Reich Chancellor Dr Marx said:

> 'The government has accepted the experts' report as a suitable basis for resolving the reparations issue.'
>
> "Rejection of the Treaty of London would, in any case, mean, first and foremost, the destruction of all the hopes cherished by the German people and our brothers in the occupied territories. Industry and agriculture will suffer even more than before from the ever-increasing credit crunch (!). Rising unemployment and widespread hardship are a certain consequence of rejection (!)... An immense responsibility rests upon the German Reichstag. I am deeply convinced that its decision will mean either a blessing (!) or a curse."

So, according to , the adoption of the Dawes Pact was a 'blessing' in the view of by Mr Marx, Reich Chancellor by

the Centre Party. And Dr Hans Luther predicted on the same day:

> "Only if the London Agreements are accepted will our economy be able to secure the relief (!) it is rightly demanding, namely the adaptation of our tax system to economic and social necessities and a tangible reduction in railway fares.
>
> As soon as the London Agreement is accepted, the foundations for the loan will be laid!"

That is, for Germany's hopeless, interest-bearing debt. He was followed as the third of these parliamentary graces by Gustav Stresemann, who described the 'advantages' of accepting the Dawes Plan in words as long as they were inconsequential.

Within five days, the bills were rushed through and, without amendment, were passed by a narrow two-thirds majority in accordance with the instructions of high finance (represented by Parker Gilbert) by the German Nationalist yes-men, the Social Democrats, the Centre Party, the German People's Party, the Economic Party and the Bavarian People's Party.

Now it was believed that they had achieved what they wanted. Germany lay bound and helpless; through the most brazen manipulation, the German people had been rendered politically defenceless, stripped of their sovereign rights, and ripe for systematic exploitation.

Six years have passed since those dreadful days in August 1924, and today we can see the result of these ‘benefits’ and ‘concessions’.

2,740,000 — unemployed in the Reich,

16,000 — suicides per year

50,000,000,000 — fifty billion in debt owed by the Reich, the Länder, the towns and municipalities, and by agriculture, industry and commerce.

11,000,000,000 — eleven billion in Reich taxes and customs duties for 1930, plus

4,000,000,000 — four billion in property and business taxes, and

660,000,000 — six hundred and sixty million marks annually in direct payments by the Reichsbahn to the Reparations Agent or, as is now the case, to the Bank for International Settlements in Basel; and finally

300,000,000 RM — three hundred million annually in interest payments from the industrial levy to the Reparations Agent.

Financial misery and the torment of taxation, a crisis in the justice system and the imminent collapse of the state, moral decay in the widest circles, one corruption scandal after another.

‘The Experts’ Plan has functioned satisfactorily,’ Parker Gilbert reported insincerely to his principals — the Allied and Associated governments — but a certain concern could not be dispelled: the Dawes Pact contained namely certain

provisions that a government with a strong sense of national identity could have exploited to Germany's advantage – the so-called transfer protection clause. Furthermore, the most worrying source of uncertainty remained; the Dawes Pact was a political act, and the Dawes payments were political debts; high finance had not yet completely severed its ties with its political instigators; political constellations, a collapse of the Entente, even a mere initially moral resurgence of Germany, the desire of one of the Allies to see Germany fit for alliance once more, or an actual alliance could still thwart the nefarious plan of high finance. Money had not yet definitively triumphed over blood.

The shrewd general agent had therefore been seeking a revision of the Dawes Pact for years. He may also have felt uneasy at the thought of the inevitable collapse in Germany and the resulting obvious failure of the Dawes Pact.

His aim was to place the responsibility for the payments on Germany itself, particularly for the transfer of funds; above all, the intention was to convert Germany's political debt into a purely private-capitalist, bill-of-exchange liability owed to a non-political body in a neutral foreign country. This swindle was termed the 'liquidation of the war' and the removal of the transfer protection clause—

restoration of Germany's full sovereignty and the abolition of the troublesome control bodies.

It goes without saying that the German politicians committed to compliance were only too happy to fall for this brazen deception, and that they welcomed the Young Plan with the same enthusiasm, recommended it in the same terms and spouted the same platitudes about the 'relief' that this product of the most tenacious diplomatic efforts by the 'greatest statesman of the German Republic', Gustav Stresemann, would bring to the German people.

Let us now examine the Young Plan dispassionately on the basis of the official text. The experts at the Paris Conference declare with admirable candour that they approached their task as — businessmen.

'We have,' the report continues, 'fixed the number and amount of the annuities and made provision for the conversion of the reparations debt from a political into a commercial obligation.'

In other words: 1. Germany must pay: from 1 September 1929 to 31 March 1930 (7 months) 742.8 million RM.

from 1 April 1930 to	31 March 1931	1,707.9 million RM.
From 1 April 1931 to	31 March 1932	1,685.0 million RM.
from 1 April 1932 to	31 March 1933	1,738.2 million RM.
from 1 April 1933 to	31 March 1934	1,804.3 million RM.

From 1 April	1934	to 31 March	1935	1,866.9 million	RM.
from 1 April	1935	to 31 March	1936	1,892.9 million	RM.
From 1 April	1936	to 31 March	1937	1939.7 million	RM.
From 1 April	1937	to 31 March	1938	1,977.0 million	RM.
From 1 April	1938	to 31 March	1939	1,995.3 million	RM.
From 1 April	1939	to 31 March	1940	2,042.8 million	RM.
From 1 April	1940	to 31 March	1941	2,155.5 million	RM.
From 1 April	1941	to 31 March	1942	2,180.7 million	RM.
From 1 April	1942	to 31 March	1943	2,198.0 million	RM.
From 1 April	1943	to 31 March	1944	2,194.3 million	RM.
From 1 April	1944	to 31 March	1945	2,207.5 million	RM.
From 1 April	1945	to 31 March	1946	2,203.8 million	RM.
From 1 April	1946	to 31 March	1947	2,199.5 million	RM.
From 1 April	1947	to 31 March	1948	2,215.2 million	RM.
From 1 April	1948	to 31 March	1949	2,210.0 million	RM.
From 1 April	1949	to 31 March	1950	2,316.8 million	RM.
From 1 April	1950	to 31 March	1951	2,359.2 million	RM.
From 1 April	1951	to 31 March	1952	2,343.2 million	RM.

from 1 April	1952	to	31 March	1953	2,346.2 million RM.
from 1 April	1953	to	31 March	1954	1,707.9 million RM.
from 1 April	1954	to	31 March	1955	1,707.9 million RM.
from 1 April	1955	to	31 March	1956	1,707.9 million RM.
from 1 April	1956	to	31 March	1957	1,707.9 million RM.
from 1 April	1957	to	31 March	1958	1,707.9 million RM.
from 1 April	1958	to	31 March	1959	1,707.9 million RM.
from 1 April	1959	to	31 March	1960	1,707.9 million RM.
from 1 April	1960	to	31 March	1961	1,707.9 million RM.
from 1 April	1961	to	31 March	1962	1,707.9 million RM.
from 1 April	1962	to	31 March	1963	1,707.9 million RM.
from 1 April	1963	to	31 March	1964	1,707.9 million RM.
from 1 April	1964	to	31 March	1965	1,707.9 million RM.
from 1 April	1965	to	31 March	1966	1,707.9 million RM.
from 1 April	1966	to	31 March	1967	1,707.9 million RM.
from 1 April	1967	to	31 March	1968	1,707.9 million RM.
from 1 April	1968	to	31 March	1969	1,707.9 million RM.
from 1 April	1969	to	31 March	1970	1,707.9 million RM.
from 1 April	1970	to	31 March	1971	1,707.9 million RM.
from 1 April	1971	to	31 March	1972	1,707.9 million RM.

from 1 April	1972	to	31 March 1973	1,707.9 million RM.
from 1 April	1973	to	31 March 1974	1,707.9 million RM.
from 1 April	1974	to	31 March 1975	1,707.9 million RM.
from 1 April	1975	to	31 March 1976	1,707.9 million RM.
from 1 April	1976	to	31 March 1977	1,707.9 million RM.
from 1 April	1977	to	31 March 1978	1,707.9 million RM.
from 1 April	1978	to	31 March 1979	1,707.9 million RM.
from 1 April	1979	to	31 March 1980	1,707.9 million RM.
from 1 April	1980	to	31 March 1981	1,707.9 million RM.
from 1 April	1981	to	31 March 1982	1,707.9 million RM.
from 1 April	1982	to	31 March 1983	1,707.9 million RM.
from 1 April	1983	to	31 March 1984	1,707.9 million RM.
from 1 April	1984	to	31 March 1985	1,707.9 million RM.
from 1 April	1985	to	31 March 1986	1,707.9 million RM.
from 1 April	1986	to	31 March 1987	1,707.9 million RM.
from 1 April	1987	to	31 March 1988	1,707.9 million RM.

Of the above annuities, the sum of 660 million Reichsmarks is to be payable annually without any protection, i.e. without any right to deferment of any kind, in equal monthly instalments in foreign currency.

In total, the annuities amount to 114 billion gold marks, to be paid in dollars!!

Germany's bondage to interest is thus imposed on the German working population for three generations.

The despotism of high finance over the hardest-working people on earth is thus sealed.

In 1871, Germany demanded 4 billion in war reparations from France.

In 1917, Germany demanded 6 billion in war reparations from Russia.

The 'experts' at the Paris Conference are demanding 114 billion from Germany, and its plenipotentiaries, Dr Schacht and Kastl, are signing their names to this most appalling document in world history, despite the protests of 6 million Germans who expressed their opposition in a referendum.

114 billion — without a single billion being set off against the approximately 50 billion that Germany has already paid over the course of the 11 years since the end of the war , , in cash or , in reparations deliveries, or

through the loss of the plundered colonies or German assets seized abroad, etc.

Germany must pay — must pay to the very limits of its capacity — no, far beyond those limits. — That Germany would have to pay, and indeed far more than it could afford, had long been clear to the foreign experts, even before they arrived in Paris.

The hearing of the German delegates was nothing but a charade. Schacht originally wanted to agree to a maximum of 800–1,000 million for the year, then allowed himself to be talked into a maximum of 1,635 million over 37 years, but nevertheless ended up signing up to an average of 2,050 million per annum over 59 (!!) years.

Once again, we can see that organised subhumanity, in the form of Marxist agitators, has played into the hands of the big-capitalist blackmailers.

On 31 August 1929, Karl Severing declared before the Reichsbanner in Duisburg: 'The Young Plan brings political and financial advantages of immeasurable significance.'

And Messrs Curtius and Grzesinsky, Guérard and Schmidt, abusing the radio, proclaimed the 'benefits' and relief measures of the 'Young Plan' in their notorious radio broadcasts. You can be certain that the State Court of the coming Reich will once again put to you the highly embarrassing question which I put to Minister Curtius in my speech on the Young Plan on 8 March:

‘Are you prepared to answer for your actions with your head before a future State Court?’

The war is being settled — by converting political debt into obligations under private law. This was, in fact, by far the more difficult matter for high finance. In fact, even in Paris, the form, the ‘how’ — and to whom the payments were to be made — were debated for a full three and a half months, whilst the amount of the payments was effectively imposed on the German negotiators in a dictatorial manner during the last three and a half days of the conference.

One must always bear in mind that high finance — which, in itself, is not necessarily identical with the Allied governments — wishes to wrest the plunder of Germany from the Allies’ grasp and to gain control itself over the billions in German reparations. This must be made palatable to the nationalist-minded governments through cunning hypocrisy. This is, of course, far more difficult than dictating terms to the spineless German delegates. Personally, it will always remain incomprehensible to me how, for example, a country with such a strong national consciousness as Italy could fail to see through this villainous ploy by high finance. I therefore stated quite deliberately, and in full awareness of the significance of this point, in my speech at the Nuremberg Party Congress on 2 August 1929:

‘I cannot imagine that a proud and self-assured nation, such as Italy, could tolerate – or consider it compatible with its dignity – having demands won through blood and iron superseded by a petty-trade transaction — albeit on a global scale — that it might run the risk of falling out of favour with an international banking consortium based outside its territory in a neutral country, and then, only after endless harassment, delays and reservations, receive the sums to which it is entitled only in part or not at all. — Italy, for example, would possess no power or means of exerting pressure whatsoever.”

It was precisely on this sensitive issue that a purposeful German foreign policy should have come into play – in Paris, The Hague and London – to sow well-founded mistrust amongst the former Entente powers, mistrust directed above all against supranational regulation by an international financial consortium. For Germany, the siren song was calculated: it is now high time that we emerged from the sphere of perpetual war—and post-war—psychosis. Germany must at last be freed from the feeling that it still has to pay war reparations to the ‘evil’ France, England and Italy. It must feel itself to be an equal member of the great League of Nations; the payments, which are to be reduced to a level that Germany itself will acknowledge by its signature, are to be made in

future no longer be made to the formerly hostile governments – a situation which would inevitably leave a lingering thorn in the side – but rather to a neutral trusteeship committee in which Germany also has a seat and a vote. This will simultaneously open up the possibility for the largest international credit transactions. The German payments are no longer to have the character of war indemnities, but are to have more the character of private capitalist liabilities under the law of bills of exchange. — This will then also allow the burdensome political controls by the Reparations Committee, etc., to be lifted. Germany can then regain a sense of complete sovereignty when it makes the payments to the Bank for International Settlements on its own responsibility.

No wonder that such hypocritical rhetoric filled our government officials with delight, causing them to forget that, as far as the working German population and the German taxpayer were concerned – given the scale of the payments and the state of Germany's public finances – it made no difference whatsoever whether the German tributes were to be paid directly to Paris, London, Belgrade, etc., or via Basel.

What was not a matter of indifference, however, was that, as a result of the provisionsof the Young-Plan the so-called transfer protection clause was abolished.

The transfer protection provisions of the Dawes Plan were the only effective means of securing a revision

in Germany's favour. The transfer protection clause was dictated by a remnant of economic common sense, which did not want to let the goose that was supposed to lay the golden eggs die, born of the realisation that genuine reparations payments could only be made from export surpluses.

It is not entirely easy to bridge the gap in understanding the indissoluble link between transfers and the trade balance, but we must endeavour to gain complete clarity on this matter.

The term 'transfer' refers to the transfer of German tax payments, etc., arising in Reichsmarks, to the Allied governments in their respective national currencies. This transfer fell within the remit of the Reparations Agent. He was therefore required to transfer the funds held in the account of the Reparations Agent and German mark payments received into the account of theReparations Agentinto foreign currencies (dollars, francs, pounds, lire, etc., etc.) and then transfer them to the various governments. — To the layman, this may at first seem very simple, imagining that the Reparations Agent simply buys one dollar for RM 4.25, one pound for RM 20.20 for one British pound, and so on, on the exchange and then transfers them — the layman always thinks on a small scale here, whereas what is actually at stake is converting at least 2,000 million in foreign currency annually — which cannot be sourced anywhere in Germany — because the German trade balance is in deficit! —

However, before I examine this in more detail, I would like to point out what was meant by 'transfer protection' in the Dawes Pact. In Annex 6, Section X of the Dawes Plan[4], the Reparations Agent was obliged to carry out the conversion of payments in German marks and their transfer to the Allies only if, and to the extent that, the Reparations Agent succeeded in obtaining foreign currencies without jeopardising the German currency.

If this could not be achieved by normal means, no payments were to be made.

Initially, this would not have provided any relief for the domestic market, because even if no transfer payments could be made, Germany's obligation to pay the agreed amounts in marks into the reparations agent's account continued — albeit only up to a maximum of 5 billion gold marks.

But even this sum was still subject to the restrictive provision stipulating that, even before this sum was reached, reparations payments were to be reduced or suspended entirely if 'such an accumulation posed a threat to Germany's financial and economic situation'.

There can be no doubt that this provision would indeed have provided effective protection against the complete bleeding dry of Germany, and that

this provision of the Dawes Plan, in the hands of a government with a German national consciousness, would have been an extraordinarily effective means of achieving a revision of the Dawes Plan.

Now back to the trade balance. — Even the most zealous government cannot disregard the fundamental laws and facts of the global economy. One such law is this: if Germany has no export surplus, then there will be no foreign currencies at the German foreign exchange centres; the reparations agent will be unable to buy dollars, francs, pounds, etc.; the transfer will come to an immediate halt; and the Dawes Plan will cease to function of its own accord. Even a layperson will realise that we in Germany can only obtain dollars at all if we sell our German manufactured goods in America and are paid for them in dollars; but with these dollars we must first purchase the foreign raw materials which we need under all circumstances to sustain our German processing industry. — We simply must buy cotton under any circumstances, lest our entire vast textile industry collapse and hundreds of thousands more workers be thrown out onto the streets; for the same reason, we must buy wool. For our rubber industry we need natural rubber; for our enormous electrical industry we must have copper; iron ore for our iron and steel industry, and so on and so forth.

The German economy must work at full capacity to earn, through the supply of dyes, medicines, light bulbs and motors, ironmongery and machinery, precision instruments and optical goods — to name but a few — enough foreign exchange each year to pay for the absolutely essential imported goods.

The fact that hundreds of millions worth of wheat, butter, fruit, vegetables or even, of all things, bananas and other tropical fruits are imported—in other words, goods that are not essential to life—is a scandal which, in turn, merely demonstrates the wretched and pitiful weakness of the so-called post-war German governments.

This weakness gives rise to the catastrophic deficit in our balance of trade. For years, Germany has been importing more than it can pay for through its exports. — Germany therefore has, in reality, no trade surplus from which foreign exchange could flow, which could then be paid as genuine tribute to its enemies.

One can see how, behind the transfer problem, the German foreign trade problem looms as a colossal factor in the global economy, exerting a decisive influence.

Of course, even this does not exhaust all possibilities for at least a temporary implementation of the reparations payments. One such possibility is the internal sell-off of Germany to the foreign world through the form

ever-increasing interest-bearing debt and the pledging of German assets to international high finance.

In itself, no power on earth could force Germany to do this. Who is forcing the towns and local authorities to build sports grounds and stadiums, to pay their mayors salaries higher than those of Reich ministers; who is forcing industry and agriculture, the state and local authorities, to plunge into hopeless debt? — Stupidity and short-sightedness, and the complete inability of the Reich government to pursue a sensible and sound financial policy.

Instead it a downright downright insane debt-driven economy took hold.

However, in accordance with capitalist principles, high finance naturally only lends out its money if German assets are pledged as security and the sums borrowed are subject to high interest rates.

So, on top of the reparations payments, there are also the interest payments on foreign loans.

The bondage of interest is complete, and the financial sector, with a smirk, recoups the billions via the roundabout route of reparations payments – sums on which it also receives interest as bondholders!!!

The reparations agent can rub his hands together as he buys foreign currency and declare: ‘The Dawes Plan has worked to everyone’s satisfaction!!!’

To make this scam perpetrated by the global financial system clear even to the simplest mind, here is a brief example:

Berlin needs — let's say — 100 million for the Sklareks, the Buschs and the high-ranking Marxist officials, as well as for the expansion of municipal services, for the unemployed, and so on. The population's tax-paying capacity has already been exhausted, so they do what all the prominent figures in Germany do: they take out a loan in America,
that is to say, they run up debts; the fur trader Böß travels to America to bring home the golden fleece, and returns, let's say, with a loan of over 20 million dollars.

Berlin has no use for the dollars at all, as all payments from the city's coffers must be made in Reichsmarks — but the reparations agent is already lying in wait for these German geniuses, who are now only too happy if the reparations agent graciously exchanges the 20 million dollars for marks, of which he has more than enough from the pockets of German taxpayers. The dollars then make their way back to America by the quickest route, whilst Berlin's unemployed will — naturally
— paid for out of German taxpayers' money; all that remains as a 'lovely souvenir' is a high-interest promissory note for 20 million dollars, the interest on which will from now on be a burden on Berlin's budget —, and, moreover, part of Berlin's assets is being pledged to some American 'banking Jew'.

The sell-off of Germany — Germany in debt bondage.

Unlike the Dawes Plan, the Young Plan provides for no so-called 'transfer protection'. Under the Young Plan, Germany must, under all circumstances and regardless of its economic situation, pay an average of two billion marks in dollars year on year (see above for the exact annual payments). There is only one clause providing that part of these payments, namely 1,300 million, may be deferred for a maximum of two years — but then, in the third year, both the deferred and the current amounts become due in one go — and then total collapse is inevitable — then Germany must declare national bankruptcy — or must resort to the fraud of a new inflation — or Germany must pay with people — if it cannot pay with money. The export of people to offset the Young Plan payments. Germany, the reservoir of slaves for the fantastical plans of high finance!

Let us now, in conclusion, take a look at the consequences of Germany's policy of fulfilment under the rule of the Dawes Pact and its supplement, the Young Plan.

Needless to say, all the German government's promises have proved to be nothing but smoke and mirrors
— instead of economic recovery and stabilisation, we find ourselves in the midst of the most dreadful Young crisis.

Hilferding, Moldenhauer and Dietrich appeared before Parliament almost every month with new demands for taxes. Just before Christmas, Hermann Müller stood before the Reichstag lamenting and making the brazen admission: 'Our budget deficit amounts to 1,700, million!!' and demanded
'Cover'. — In New Germany, 'cover' means — Treasury bills! — Bank debts — Debts to the reparations agent — Debts to the Post Office and the railways — Debts to Ivar Kreuger, the match magnate — Debts and cover! A month later, Moldenhauer stands before the Reichstag and declares that he has discovered a new, genuine deficit, and calls for new taxes — shortly before Easter, the German nationalist heroes, acting as auxiliaries to the Brüning Cabinet out of fear of its dissolution, approve 526 million — new millions. Not even two months had passed. Before Whitsun, Moldenhauer delights the Reichstag with a fresh announcement: 'Now I need a further 836 million in new taxes.'

* Moldenhauer disappears from the limelight. Hindenburg appoints Dietrich as Germany's tax collector
* he, too, knows nothing else to do but, supported by the young parliamentary criminals, to submit the new tax bills to the Reichstag. Tax plunder from civil servants and those on fixed salaries (this is called 'Reichshilfe'), surcharges on the income tax, tax on single persons,
  'citizen' tax and local beer tax, cuts to unemployment insurance, cuts to benefits under

social security. The Reichstag resists — Hindenburg imposes the Young–Hindenburg taxes under Article 48. The Reichstag refuses to comply. Hindenburg cracks the whip and disperses the Reichstag.

Organised financial piracy and its backers have triumphed; chaos reigns over Germany; within Germany itself, tax Bolshevism, financial ruin, unemployment, hunger and destitution; the collapse of agriculture, the collapse of trade, the collapse of industry; balance sheets in the red in towns and municipalities; deficit upon deficit in the budgets of the Reich and the Länder; murder and manslaughter every day; a crisis of parliamentarianism, a crisis of government, a crisis of the administration of justice, a crisis in the arts. Jewish literary vermin are rising to the surface; the theatre and cinema are corrupted; Negro culture is brazenly spreading; Jews, bastards, profiteers of all sorts with thick necks; inferior Marxist functionaries in high state offices; corruption upon corruption.

The last of them are gathering together. Ancestral knowledge is stirring! Knowledge is power, but it is only knowledge and will that give rise to action.

The ancient symbol of the sun becomes the emblem of newly emerging life. Germany is awakening through the National Socialist movement.

Settling the score with the policy of compliance: Gottfried Feder's great Reichstag speech

Stenographic reports on the Reichstag session on 4. December 1930, see *Die Flamme* of 11 December 1930

To turn to today's topic, we have before us the 1931 Budget – a thick volume of around 1,000 pages, which was only distributed yesterday – and two emergency decrees comprising hundreds of paragraphs. This is already the third emergency ordinance we have had to deal with this year: the first, which was rejected by the old Reichstag; the second, which was enacted on 26 July after the Reichstag had been dissolved; and now the third, dated 1 December 1930. But, strangely enough, there is a gap here. The 1930 budget has not yet been submitted to the new Reichstag, which is responsible for deciding on it. You are aware that, prior to its dissolution, the old Reichstag's deliberations had only progressed as far as the second reading. There is absolutely no doubt that the Reich President's decree is not a budget law within the meaning of the Constitution, as set out in Article 85. I would particularly like to point out that even the emergency decree itself contains the provision that the budget is still to be specifically adopted by the Reichstag, should the Reichstag so require. There is absolutely no doubt about this. If the Reichstag waives this right,

it ultimately waives its very raison d'être. Parliament is, after all, by its very nature the body that is supposed to decide on the expenditure of its state. That was the historical development, until eventually, as events unfolded, Parliament and the people's representatives seized all legislative powers for themselves. If you now waive the most fundamental, the very first fundamental right of this parliamentary system, gentlemen, then you might as well abolish yourselves altogether.

It is highly noteworthy what the Reich Minister of Finance remarked yesterday at the end of his speech:

'In its measures, the Reich Government has avoided anything that might in any way conflict with the Constitution, and if the drafting of the budget is accompanied by an emergency ordinance, this does not deprive Parliament of its right to decide.'

The emergency decrees are therefore to be accepted or rejected; there is no debate.

But the government itself is not, in and of itself, constitutional. It naturally claims to be 'lawful'. I do not wish to contradict this by splitting the word; it is, in fact, quite moderate. But it seems to me that this still does not meet the requirements, which the Constitution intends.

As is well known, the Constitution requires the ministers to carry out the performance of their duties of the Reichstag. In order to give Parliament the opportunity to

to express this confidence in them, we have tabled the following motion in Parliamentary Paper Rr. 324:

'In order to create the constitutional conditions for the validity of Dr Brüning's Reich Cabinet and to finally secure the lawful basis for its existence, the Reichstag, by moving on from the agenda to all other motions, declarations and formulations relating to the present Reich Government, expresses its confidence in Dr Brüning's Reich Cabinet.'

You therefore have the opportunity, ladies and gentlemen, to comment on this. One thing is certain: the composition of the government in no way reflects the will of the people as expressed in the September election. Yet the government has acted as though this Reichstag election did not exist for it. Even today, there are ministers in this cabinet who cannot even rely on the support of even the smallest of parliamentary groups, such as Mr Treviranus. Likewise, Mr Dietrich, the Reich Minister of Finance, had no parliamentary legitimacy until yesterday. I do not wish to leave unsaid that we undoubtedly find Mr Treviranus or Mr Dietrich more likeable than other figures sitting in this cabinet, such as the man for whom the oath to the flag is merely an idea, and Mr Wirth, who has repeatedly made statements in a manner to which I shall return at the end.

It is particularly amusing that in this cabinet, that the largest

'ruling party', the SPD, is not represented in it. In every single vote, we can see for ourselves that the SPD is the most loyal lackey of the Brüning government. Unfortunately, however, it sits on the opposition benches and cannot even participate in government. We National Socialists love clear-cut positions. Perhaps Mr Treviranus, Mr Dietrich or even Mr Wirth would now be prepared to hand over the portfolio to the Social Democrats if they were to regain the SPD's support for this new, veiled dictatorship that is on the rise.

Gentlemen! There are two things that hold people together: idealism or crimes committed in common. (Lively interjections from the Socialists; applause from the National Socialists.) What still holds this system together today is the fear of reckoning. This fear is the sole driving force behind what is unfolding before us. This fear is producing the most absurd consequences within this parliamentary system. There has even been talk of a desire for a coup d'état. I would remind you of the remark attributed to General Hammerstein. I cannot verify it, but in any case, someone in such a position must not say things that could give rise to misinterpretation. I would point out that the names of Brüning, Luther, Seeckt, Schleicher and others have been mentioned. But of course, if it is not necessary to stage an open coup d'état, so much the better if things can be done this way. And we are pleased about

Mr Brüning, how skilfully he pits the SPD lot against one another, how he cuts them off at the knees, how he strips them of their last shred of credibility among the people. With emergency decrees — to use a phrase of your old champion Bebel — and with special legislation, any fool can, of course, govern. I am not claiming that I am referring to the present government. I merely wish to quote this interesting passage. The fact is that, in this way, all parliamentary difficulties can, of course, be overcome. (Dr Goebbels: There are still fools who cannot even manage that!)

A word more on Mr Dietrich's remarks. Minister, you suggested that there is a danger that a parliament comprising large parties which do nothing but oppose and reject all responsibility might see its influence wane. We National Socialists are pleased that this realisation is slowly taking hold even in government circles: that parliament's influence is waning. But please, Mr Dietrich, do not blame us for this; instead, take full responsibility yourself, and blame the parliamentary system, which was simply incapable of pulling Germany out of the mire, but instead allowed it to slide ever deeper into it. Do not for a moment believe that we are opponents of the republican form of government. Oh no,

> if the leader of this republic happens to be Adolf Hitler and the cabinet consists of National Socialist and staunchly anti-Marxist ministers, we have no objection to the republic.

A few brief comments on the 1931/32 budget, which, as Mr Dietrich said, has already been tabled before this House. Why, exactly, this suspicious haste? There is, after all, absolutely no urgency. They forgot (!) — as I have already mentioned — to table the 1930 Budget. Now the 1931 Budget is already before us. Is the aim to gloss over the unpleasant business of the 1930 Budget? You said, Minister — and this is very pleasing to hear — that the 1931 Budget is 1,153 million in the ordinary and 272 million in the Extraordinarium. Yes, if you then listen to your own reasoning , it it a very awkward affair. Cutting salaries! Civil servants will be far from grateful to you for this reduction in the budget figures if you cut their salaries. Cutting transfers to the federal states! People out there will be far from grateful to you if you further curtail the federal states' rights. Making unemployment insurance self-financing! That is, of course, a proposal, which the high finance will will have had, in order to this 'uncertainty factor'from the budget. And if you make unemployment insurance self-funding, if you demand a 6 per cent contribution, then I ask: who is supposed to pay for it? But on the other hand the vast . It is simply

You have explained that the main reason for the confusion is that, in the 1930 budget, you had only anticipated 1.2 million unemployed . Thus , you do admit that you were

were mistaken, that your forecast was wrong. We were not mistaken. Even your later estimate of 1.6 million unemployed has been exceeded by 100 per cent by the appalling reality. Today, we already have well over 3.2 million unemployed. The flip side of this is, of course, the fall in revenue by 900 million, and you are still pleased that this estimate has not been exceeded as well.

Now come your further announcements regarding the increase in revenue figures, particularly in the area of taxes on non-essential luxuries. The only 'gift' you believe you can offer Germany is that, for the coming financial years, the same budget figures for 1932 and 1933 are to be made binding, amounting to a total of 10,867 million. Unfortunately, you glossed over the key question of where savings could actually be made rather quickly. You explained very clearly that the actual Reich budget is, in itself, very small. Namely, the total budget includes 3 billion in transitary figures in the form of transfers to the states, 4 billion in external and internal war expenses, 1 billion in interest and repayment, and the Reich budget itself amounts to only 2½ billion. Even with the best will in the world, there is not really much that could be saved from this, and you mentioned once again salary cuts, pension cuts, savings and so on.

Your comments on capital flight were rather unsatisfactory. You have merely stated that only to some extent

actual capital flight was taking place, that by far the greatest 'capital flight' was attributable to the withdrawal of foreign loans. I would be very grateful if these figures were made available to the Reichstag, so that we might ascertain the ratio of genuine capital flight to the perfectly natural withdrawal of capital, which is, after all, to be expected. For when one takes out short-term loans, one must be aware that these short-term loans must be repaid. .

Your description of the cash position as favourable is nothing more than wishful thinking. If you have repaid last year's bridging loan of 350 million and also the foreign loans amounting to 210 million, then you really ought not to forget to point out at this stage that, after all, we took out a new bridging loan of 500 million just a few weeks ago. You have also admitted that

> indirect and direct taxes had reached
> their highest level,

that could reasonably be expected of a people. But they then conclude with the reassuring statement that 'the risks to your budget have been eliminated'. The government's intention, they say, is to restore order so that we 'remain creditworthy abroad'. In saying this, they have articulated precisely what we must continually oppose above all else: Jehovah, grant that we remain creditworthy abroad! This is precisely what we we with all determination must oppose and

stand firm, for this means debt bondage for Germany.

I would just like to return briefly, in a few sentences, to the second and largest part of the entire Reich budget, namely the

4 billion in internal and external war expenses.

That is precisely the point on which you and the entire government should have taken a stand. For that is what is dragging the state, the people and the economy into the abyss. Yet not a word, not the slightest hint of resistance to this policy of tribute, which is costing us 4,000 million in this 1931 financial year.

And now I shall briefly present to you the bill for the November crime of 1918, which has led to today's final financial outcome. At the beginning of this historical epoch in Germany stands the November Revolution, stands the statement: 'We do not want Germany to bring its war flag home in victory.'

The result for Germany, which—in accordance with your will—did not bring its flag home in victory, was the immeasurable loss of material goods; but what pains us National Socialists even more bitterly is that, through this peace treaty, German soil and German honour were lost, for disarmament means dishonour for every German man.

The peace treaty was followed by civil war, murder and manslaughter, and the killing of hostages. Then came the conferences. From one conference to the next, people held out hope: Spa, Brussels, Ostend, Genoa; they hoped for the First London Conference, they hoped for Paris, and finally the time came for the Second London Conference to take place. The result was that the Dawes Plan was simply imposed on us, without discussion, according to the maxim: 'Take it or leave it!' We experienced this in this House in 1924: no changes were possible; these Dawes Acts had to be accepted en bloc. You called that the 'success of the policy of compliance'. Alongside this came a second crime, the crime of inflation, a crime that was committed deliberately.

This crime had to come to an end, and it did so with ' ' – the complete bleeding dry of the entire economy, from which all operating and savings capital had been entirely withdrawn. This created the conditions for the establishment of the absolute rule of all-Jewish high finance over Germany. We lost our financial and transport sovereignty and, in exchange, took on an annual tribute burden of 2.5 billion.

When the Dawes Plan proved untenable – and now, in the era of the Young Plan – it was always claimed that under the Young Plan we would have to pay far less. On this point, I would like to state quite clearly once again that, under the Dawes Plan in 1924–25, we paid only 1 billion, not, as is the case now, 2

Billions. In 1925–26 we paid 1.2 billion, in 1926–27 1.5 billion, and in 1927–28 1.7 billion. When we then attempted for the first time in 1928–29 to pay the 2.5 billion, the entire German Reich budget collapsed completely.

We can see the result in the credit crisis and cash-flow crisis that have been dragging on for years. A year ago, Reich Chancellor Müller stood here with the embarrassing statement: 'I am bankrupt'. We had a cash deficit of 1,700 million at the time. (Interjection from the National Socialists: Mr Hilferding was present.) — Of course, Mr Hilferding was always Müller's loyal squire. We then witnessed that, naturally, there was no longer any escape from this disastrous cycle. If you, Minister, regard these 4 billion as sacrosanct, you will never emerge from Germany's misery.

In your view, the Young Plan was supposed to be an improvement on the Dawes Plan. And the result is total collapse; moreover, the Young Plan means the abolition of the transfer protection clause, the abolition of the gold clause – a very dangerous development – and finally as most dangerous aspect the commercialisation of Germany's obligations, to which I should like to draw particular attention once again in this context. In order to bring the German population to heel, it was deemed necessary to stipulate the lie of war guilt, that is, to establish Germany's moral guilt for the war. The gentlemen

who adopted and propagated this lie knew full well that it was a lie. But this lie was needed for the time being. High finance knew full well that material claims could not be based on moral guilt. It was therefore the task of the conferences to transform this moral guilt into a political debt. German war guilt had to be turned into German war debts bearing interest. This was achieved through the conferences, in particular the First London Conference, when 132 billion in war guilt was established as a political debt. But the collection of this debt seemed impossible. The subsequent conferences then brought us the Dawes Plan, the loss of financial sovereignty and transport sovereignty, whereby these tributes could be secured and collected. Once this further financial safeguarding of Germany's political war debt had been achieved, was always still the uncertain moment of the 'political' debt exists, and the efforts of the entire international political community have been directed towards commercialising this political war debt, i.e. transforming the political war debt into a obligation under private law and the law of bills of exchange. This was achieved through the Young Plan. That is, in fact, the main significance of the Young Plan in comparison with the Dawes Plan. We have repeatedly criticised the removal of the transfer protection clause as particularly dangerous; for in this way the current government has deprived itself of any possibility

of the right to demand a reduction or abolition of the tributes.

If, in the light of this historical development, I were now to give a brief overview of the misery of Germany's present situation, three things form the basis of this misery—not unemployment as such, which is merely a consequence, but the following three fundamental facts. (Interjections from the Socialists: 'Firstly, the lost war!'). — I have just reminded you of this. You did not want Germany to win this war. Rathena, whom you hold in such high esteem, also declared that 'world history would have lost its meaning on the day that Kaiser Wilhelm rode through the Brandenburg Gate as the victor on a white horse!' There are three factors that have a decisive influence on political and economic events: firstly, tax Bolshevism; secondly, debt; and thirdly, the state of the German balance of trade. A Reich budget amounting to 12,000 million
— the recent cut to 10,876 million is, of course, very dangerous, as it is borne entirely by the taxpayers — such a budget, comprising only Reich taxes, is simply inconceivable in any country on earth. Added to this, however — and I ask you not to forget this — are the no less popular trade and property taxes. That amounts to a further 4,000 million or so. Furthermore, there is the contribution from the Reichsbahn towards the Young tribute, amounting to 660 million. That amounts to around and a neat 16–17 billion in tax

payments to the public sector. Under such tax pressure, the economy is bound to collapse.

I do not wish to go into details here, and shall move on to the second point, which is all too often overlooked. This is public debt and private-sector debt. A few days ago, we received this thick book, which bears the rather attractive title: ‘Public Debt in the German Empire’. At the front are colour plates, and the book informs us that the total amount of public debt has now reached 24,000 million. That is merely the public debt of the Reich, the Länder and the local authorities. But that is by no means the whole story. I would ask you to add to this the debt of German agriculture, which today also amounts to around 15,000 million. To this must be added the debt of trade, commerce and industry, for which no reliable statistical figures are available, but which amounts to at least 20,000–25,000 million. That amounts to a total debt of the state and the economy of around 50,000 to 60,000 million. You must never forget this when assessing Germany’s domestic situation; this is what we call ‘debt bondage’.

This debt is particularly burdensome because it includes 26 billion in foreign debt alone. In your view, the interest on this must be paid under all circumstances. At an average interest rate of 10 per cent — that must

If we factor in the foreign tributes — this amounts to an annual sum of 2½ billion gold marks, which must be paid to foreign countries in addition to the war tributes. Germany's total burden thus amounts to around 5–6 billion gold marks, which, year after year, seep out of the German economy into foreign countries as if from an open wound. This is the result of your policy of compliance, which you have been pursuing for twelve years.

A third key factor is the state of Germany's trade balance. If a state allows 600–700 million worth of foreign wheat to be imported annually, if it allows half a billion worth of butter to be imported, if it allows fruit and vegetables—which can be produced in Germany—and tropical fruits to be imported to the value of three-quarters of a billion, and if the total imports (Interjection by Dr Hilferding: What about exports?) — I'll get to that in a moment, Mr Hilferding — of foodstuffs, the vast majority of which can be produced in Germany, amounts to 4.2 billion, then you should not be surprised if the German trade balance becomes as catastrophically in deficit as it has been in recent years. (Dr Hilferding: It has a surplus of 1.2 billion!) — You'll be set straight in a moment, Mr Hilferding. (Dr Hilferding: But the opposite of your claim is true!) We are by no means so foolish as to believe that, given the immense interdependence of the global economy today, we could, so to speak, live in a closed trading state.

We National Socialists know full well that we require an enormous amount of raw materials. We must have wool and cotton for our vast textile industry. We do not want to see hundreds of thousands of people lying on the streets of ever again. Of course, we need jute and rubber, hides and furs. Of course, we need copper for the electrical industry. We have just enough to do to meet and pay for these undeniable import requirements through our own labour. We have to supply an endless number of machines and so on, potash and pharmaceutical products, in order to pay for these essential imports. So do not think that we are such complete economic utopians! On the contrary, because we think in social and national terms and recognise the necessities, we also appreciate the immense significance that the great statesman Mussolini represents for his country. I consider it one of Mussolini's greatest achievements that, through his 'bonifica integrale' law, he managed to increase the yield of Italian agriculture from 35 million double-zentners of bread grain to 75 million double-zentners in just a few years. The Duce achieved this in just under five years in a country that is by no means among the most fertile; for apart from a few fertile strips, Italy is a stony land, criss-crossed by mountains from north to south. That was a feat of the very highest order. Do not come with the objection th , we , , , , , the

to produce the necessary agricultural products here in Germany! (Interjection from the left.) — Quite right, make sure that that, which is is produced our imports from abroad benefits German agriculture for just one year, or even just half a year, then it would certainly be possible to support German agriculture – which is in itself so high standard of German agriculture, as could raise it to such a level that it would easily be able to supply Germany with the produce that we currently import. Firstly, my gentlemen, it is a matter of course that the good right of the opposition to criticise. We do , as the opposition, do not have the task of explaining our approach to you to set out the course we will one day take.

We shall demonstrate this to you in practice. Only once we have been in government for 12 years will you have the right to criticise us in the way we are criticising you today. — Nevertheless, we have never failed to show you ways in which something can be done and achieved. I would remind you that it was not just now, but as far back as 1926, that we tabled a motion in this House to tax banking and stock market profits. In 1926–27, the increase in the value of shares at the end of the year stood at approximately 12 billion. The value of shareholdings in Germany rose from around 10 to 12 billion to 22 to 23 billion. Had you acted back then, you could have brought in many a billion and placed the tax burden on shoulders that were capable of bearing . But back then people had only

mockery and derision for us. I recall our motions to confiscate war profits, our proposals to crack down on black marketeers and usurers; I recall our motions to restore the wealth destroyed by inflation. Above all, I recall our political stance, which, with unwavering consistency, demands the rejection of the entire policy of debt servicing pursued to date, the rejection of the Dawes Plan, the rejection of the Young Plan and, indeed, the rejection of the entire debt-based economy.

I would like to know whether those were not enough practical proposals. You reply, with concern: 'What would have happened if we had rejected this treaty?' — Good heavens, another conference would have been convened. What would have happened if you had voted 'no' in Paris? Dr Schacht himself declared it unbearable. There are even members in your cabinet who have frequently stated that the burdens are unbearable. Prime Minister Braun in Prussia has said that he considers it out of the question that Germany could even raise a sum of 1,640 million over 37 years. These are, after all, people from your own circles. Nevertheless, Severing, 'the little locksmith from Bielefeld', as his friend Stampfer describes him in *Vorwärts*, claimed that 2 billion could quite easily be paid.

No, gentlemen, you cannot conduct politics in this way if you are constantly stabbing your own representatives abroad in the back

. Then you'll just have to accept that other countries will take what they're given – and kick you in the teeth to boot.

There is one more point I must emphasise: your mistaken belief that the debts would be eased if the budget at were in order . If were to the debtor
'restructures' his debts, then the creditor would be an idiot to forgo squeezing every last penny out of him.

You have no right to accuse us of pursuing a purely negative policy.

Our policy affirms the vital interests of the German people.

Your policies, gentlemen, have for a decade consistently served only to satisfy the outrageous demands of our external and internal enemies. We have always been proved right in our prophecies, God be praised, and you have always been proved wrong. What did Mr Stresemann tell you from this very podium about the implementation of the Dawes Plan? What delightful things did Mr Luther have to say about the Dawes Plan? He claimed: 'There will certainly be a reduction in railway fares and a cut in tax rates.' It was always the same old tune, and soon afterwards came the bitter awakening time and again: the broad masses were left to foot the bill.

We have never had to revise our programme. We have never changed a single iota of what we have set out as our fundamental policy on .

— You, on the other hand, are pursuing a policy of perpetual stopgap measures, a policy of living from hand to mouth.

Finally, I would like to make a few brief programmatic statements on the economic and financial policy of the forthcoming National Socialist state. Let me say straight away that I shall not be satisfying the curiosity of those who wish to know the specific measures we shall be implementing in the forthcoming Third Reich to revive the economy. You will have the opportunity to find this out by taking a closer look at our literature. I believe that the NSDAP's programme, with a print run of well over 200,000, is one of the most widely read books today, so please do help yourselves and give it a read! But do not resort to the cliché of those stuck in the past: 'I do not know your theories and ideas, but I condemn them!' The strongest impetus for Germany's resurgence, particularly that of its economy, is the

restoration of the national will to self-preservation, which you have always sabotaged.

Today I wish only to address various widespread misconceptions and deliberate misinformation about our programme and to set the record straight. One of the most popular weapons used against us is the claim that the National Socialists are hostile to private property. National Socialism is fundamentally based on private property and places it under state protection.

To make a few fundamental remarks on this subject, there are two possible attitudes towards private property. One is: I deny private property; I do not recognise it: 'La propriété c'est le vol', as your friend Proudhon (on the left) put it, 'Property is theft'. The other possible fundamental stance on private property is that of unlimited, boundless recognition of private property, insofar as it is based on any legal grounds. This naturally leads, as a final consequence, to the expropriation of an entire nation: for the legal titles on the basis of which Germany is being expropriated today are known as

the Dawes Plan and the Young Plan, i.e. interest servitude over Germany,

the complete surrender of the entire German economy to foreign powers, the impoverishment and depersonalisation of the German economy under the rule of international sociétés anonymes and international financial corporations. It goes without saying to any thinking person that recognition of the right to property is intrinsically linked to recognition of the right to inherit. We National Socialists recognise property in principle, insofar as it arises from one's own efforts and ability, but we fundamentally reject so-called 'plundered property' derived from usury, profiteering and fraud à la Barmat.

In connection with this fundamental statement, I should like to briefly outline our position on the issues of socialisation and the free market. Here, too, we are once again faced with two absolute extremes. The Left says: 'Everything must be socialised.' Nothing has been socialised. But what has been de-socialised is that which must be nationalised. What has been de-nationalised is that which absolutely belongs within the sphere of the state: the monetary system and the transport system.

The government refrained from taking action on these two most important matters, and since high finance controlled the Reichsbank and the Reichsbahn, it was possible to dispense with the socialisation of the production process. We National Socialists draw a very clear distinction between those areas of responsibility that must absolutely remain free from any state influence, and all other areas of responsibility. The first area of responsibility is the productive economy, where all the intangible factors that are essential and important for profitability – diligence, competence, honour of the honourable merchant, entrepreneurial initiative—all of which alone determine the profitability of any economy. That which lies between production and consumption is a different sphere: that of transport and the monetary system. Alongside the transport system, the monetary system is the driving force behind everything, and here other factors come into play. The monetary system is the most social of all matters: for a clean, impeccably managed monetary system is of equal interest to every

individual has an equal stake. That is why these matters fall within the sovereignty of the state (Mr Dauch—Hamburg: But there is a danger in a state-run monetary system: after all, we have experienced inflation!) — Mr Dauch—Hamburg, I must confess to you quite openly that today I would be the most vehement opponent of the idea of handing the Reichsbank back to Mr Hilferding, for example. The prerequisite for an organic economy is, of course, that we live in an organically structured state. Socialisation in those areas that are of decisive importance to the general public, and a free economy in all those sectors where the free and self-reliant individual must be able to exert their influence!

Now a few fundamental remarks on the forms of enterprise in the economy. It is quite clear that a complex economic system requires a variety of forms.

We need small, medium-sized and large enterprises.

It was precisely the dynamic opportunity for progression from small to medium-sized, and from medium-sized to large enterprises that characterised the pre-war economy. Concentration into mammoth conglomerates, on the other hand, is always the death knell of a vibrant, free economy.

One more remark on the organisation of the banking system in the future state! Do not, for one moment, believe that we would eliminate the sound private banker, or that we could do without his cooperation (Interjections from the

Communists: for example, Mr von Strauß! (Mr von Strauß can rest assured!) On the contrary, the approach of the sound private banker will make a significant contribution to the revival of personal credit, which can no longer be granted today; for in the giant banking groups, things simply operate according to specific rules: credit is granted only to those who can provide the necessary documentation, and not to the individual who deserves trust.

A word more on profit and interest! People seem to believe that our opposition to interest must also imply opposition to economic profit. Nothing could be further from the truth. — We National Socialists are, in fact, determined to help the German economy regain its greatest possible profitability by eliminating the bondage of interest and, with it, the complete erosion of our entire economic life caused by the demands of international finance. I am surprised that, in this struggle against interest as opposed to profit, we do not also see the Centre on our side. For the canonical prohibition on interest has, after all, always been one of the finest jewels in the Church's crown. As is well known, the Imperial Police Ordinances of 1530, 1537 and 1570 made binding upon the laity what canon law had already prescribed since the time of Pope Leo I the Great. It was only modern scholasticism that took the liberty of positing an 'accidental fruitfulness of money', thereby aligning itself with the hopes and desires of high finance, which naturally finds in this

naturally finds a convenient justification for what the ancient Doctors of the Church have always described as sin and usury.

A few brief marginal notes on the questions put to us by the four professors, who are, of course, being given a warm reception throughout the German press. These learned gentlemen are concerned that, should the interest rate be reduced to 5 per cent in accordance with our proposal, the banks would only be able to pay their depositors 2½ per cent. Well, how much did people actually receive from the banks until now? Until recently, it was 1½ per cent, and for a short while now, 2½ per cent! What was the situation in the past? Did you perhaps receive more than 2½ per cent to 3 per cent on current accounts with savings banks and banks in the pre-war period?

I have already commented briefly on the flight of capital abroad. Here, too, it goes without saying that only a firm, ruthless hand could put a stop to this flight of capital. Anyone who treats the speculators with kid gloves will never succeed in persuading the major speculators to stop moving their capital abroad. But if you have the first and second ones hanged, the others will think twice about moving their money abroad.

Breaking the yoke of interest

is at the heart of our entire policy. Breaking free from the yoke of interest payments — and I wish to make this quite clear — is, of course, not a matter of monetary and credit policy in relation to foreign countries, but a question of power. The

current, powerless government will never be in a position to relieve us of even a gramme of our debt servitude to foreign powers. We have seen to what extent our election victory has already made foreign powers sit up and take notice, and a National Socialist government is certainly prepared to make concessions. Foreign powers know that, in a few years' time, they will have only the choice between a National Socialist Germany and a Communist Germany. There is no alternative. Anything in between will be irretrievably crushed.

At home, the breaking of the bondage to interest rates signifies a radical reorganisation of the most important institutions within the German nation; in a word: a return to the finest traditions of German history. And to you, Mr Dingeldey — I cannot see him at the moment — I would recommend that, when you discuss National Socialism in your parliamentary group meetings, you should kindly take the trouble to familiarise yourself with our literature, for you have certainly no reason to accuse us of having any sort of

'socialist' tendencies, as you understand them (loud shouts from the Socialists and Communists: Hear, hear! — Mr Torgier: Excellent! Bravo! The millions of workers ought to hear this! Outside, you say the exact opposite!) — The German people thank you for these 'socialist' tendencies (directed at the Social Democrats and Communists)! — You know full well what we mean by the term 'socialism' in

contrast to your Marxism, which destroys the people and the state.

To you, gentlemen of this crumbling centre, I can only say: You must make up your minds.

"Oh, that you were either hot or cold! But as you are lukewarm, I will spit you out of my mouth." And that is what the German people will do to you if you continue to pursue the] policy of the cowardly bourgeois centre.

Finally, do not overlook this, gentlemen — and here I am also addressing the Centre Party —

The fundamental religious character of our movement,

which is characterised by the highest moral qualities of mankind, by sacrifice, by devotion, by holy wrath. We are the ones who see ourselves as the Saviour's finest successors when we drive the money-changers and Judases out of the temple, and I warn you, gentlemen of the Centre, against the

against National Socialism!

You are driving millions out of the Church if you continue as you began in Mainz. You have allied yourselves with the political atheism of the Left. It is high time you broke away from this, as is also the wish of the Vatican. The Centre's tower has many cracks and holes. I advise you to finally sever this disastrous alliance with the Marxists and

Atheists! One cannot keep playing with plague germs if one does not wish to be infected. Fill your followers with holy wrath against all that is base and vile! Only then can you join us in reciting the school prayer so vehemently condemned by your landlord, Mr Wirth: Father, our people and our fatherland rest in Your almighty hand. You were the strength and honour of our forefathers; you are our finest weapon and defence; therefore, deliver us from deceit and treachery (laughter and boisterous shouts from the left), make us strong for the act of liberation! Grant us the Saviour's heroic courage! May honour and freedom be our highest good! (Laughter and cheers from the left.)

Let our vow and our solution be: Germany, awaken!

Lord, set us free!

Social Democracy and National Socialism

A discussion on ‘Deutsche Welle’ on 3 January 1931 between Prof. Erik Nölting of the Academy of Labour in Frankfurt am Main, a member of the Prussian State Parliament, and the National Socialist Member of the Reichstag, Dipl. Ing. Gottfried Feder

Based on a stenographic transcript published in *Die Flamme* on 8 January 1932.

Feder: Professor Nölting! A mountain of newspaper cuttings – , , us , today , , the management of ‘Deutsche Welle’ has published on xml-ph-0001@deepl.internal and xml-ph-0002@deepl.internal today xml-ph-0003@deepl.internal the xml-ph-0004@deepl.internal management xml-ph-0005@deepl.internal of the enormous propaganda value of National Socialism; the other is (much to my regret) a personal attack by the *Vorwärts*, which was the only newspaper not to have shown the restraint observed by all other publications. And the third is that I am being criticised for not having provided an answer to the final question you put to me—the question of where we stand on economic democracy. So I in this matter briefly my statement

To clarify. We reject both workplace democracy and economic democracy in the narrow sense, because these achieve nothing other than the introduction of parliamentary forms into the economy itself. This, however, inevitably leads to harm to labour and thus to the working class. For profits fall when the idle chatter begins. We have just enough of political democracy and its parliamentary form; economic democracy would completely destroy what little remains of the economy. This by no means implies that I would not particularly welcome it if workers were to find opportunities to inform themselves as fully as possible about the overall situation of the enterprises in which they are employed. This information will, of course, then also lead to a rapprochement between employers and employees. But it is intolerable that decisions here should be taken through parliamentary forms. We would only end up with works councils and a 'soldiers' council' economy.

Prof. Nölting: Mr Feder! It is very interesting that you feel compelled to provide a further clarification of what you said recently, but I do not know whether the working class will be much happier with what they are hearing from you today. It is interesting that you say: any say workers have in the workplace can only be mere idle talk. That the working class is to be reliant on mere national economic colleges , where they

is explained in a rather innocuous manner — I do not believe that does sufficient justice to their interests. Incidentally, I have used the Christmas period to re-read your book *The German State on a National and Social Basis*, and I must say that my dismay at your rejection of these ideas has only grown. For you reject not only economic democracy, but also works councils. Here on page 76 it states that works councils would be an 'overburdening of the enterprise with a myriad of people' who
are 'superfluous'. You reject insurance officials; you are against boundless unemployment insurance – so it is stated – and against a state-guaranteed minimum subsistence level. And I was particularly shocked, Mr Feder, that you seem to want to swallow the economy of Wilhelmine Germany lock, stock and barrel. For you expressly state on
p. 69: 'On the whole, the national economy of the German Empire' – that is to say, of Wilhelmine Germany – 'met the fundamental requirements that we, too, impose on a healthy national economy.' So you only began to find fault with capitalism from 9 November 1918 onwards; until then, you were in agreement with everything. You are no real opponent of capitalism, Mr Feder. At best, you are a Savonarola who preaches sermons of repentance against it.

Feder: Professor Nölting! You know full well that workers in old Germany were better off than in today's Germany. The

The complete collapse of our economy as a whole, including the working class, is reflected in the unemployment figures. But if you'll allow me, I shall now turn to the subject of 'interest bondage and the breaking of interest bondage'. As this is a new term that I have coined, it is necessary for me to briefly define what is meant by 'interest bondage'. Interest servitude is the condition in which the German worker, the German economy, the German farmer, the German cities, the German states and the German Reich find themselves today; that is to say, an excessive indebtedness to pure finance and loan capital: in other words, the unearned income derived from the mere possession of money triumphs over the fruits of labour. This is expressed precisely in the following ways: firstly, in tax Bolshevism, under which the entire nation—and the working class most of all—suffers. You know full well that under the old, as you so fondly put it, 'depraved' system of the past, workers did not have to pay any income tax; you know that the burden of indirect taxes was minimal compared with today's burden of indirect taxes, the introduction of which you have always helped to bring about in the Reichstag. You know — secondly — that the debt of the Reich, the Länder, the towns, agriculture, industry and commerce has reached a peak, that the total debt figure today is so neatly and conveniently rounded to 60 billion RM. estimated. A figure, which has an even

has a particularly severe impact on Germany because no less than 26 billion of this is foreign debt; that is to say, an annual interest burden of approximately 2.6 billion must be deducted from the German economy solely as an interest obligation arising from this foreign debt. Given the limited time available, I cannot go into detail about the damage suffered by the German economy as a result of the state of the German trade balance in recent years — that would be the third point — but I would simply like to remind you of the most important aspect — namely, the completion of interest servitude — namely the existence of the Young Plan, which you yourself helped to secure its adoption. On 29 August 1924, you described the Dawes Plan as the greatest achievement of Social Democratic policy. The 'improvement' to the Dawes Plan — as you are so fond of saying in your public statements — namely the improvement brought about by the Young Plan, imposes an annual burden of 2 billion on Germany. This is what we mean by 'interest servitude',

Nölting: Mr Feder! I do not get the impression that your concept of 'interest servitude' is really such an entirely original invention. For you have a gallery of intellectual forebears here that even includes Jewish names. I remind you of Proudhon; I remind you of Marx. (Marx and Hilferding are Jewish; Proudhon, 1809–1865, the founder of anarchism, was French.)

Admittedly one must one read until the third volume of *Capital*, where it very harsh words can be found about the

Stockbrokers. I would remind you of Hilferding, of his famous book *Finance Capital*, which was published as early as 1910. You must not accuse me, a socialist, of failing to recognise usurious interest rates. Of course usurious interest rates exist. But, Mr Feder, there is also wage usury, there is price usury, there is land usury, there is rent usury, there is customs usury. Capitalism is a breeding ground for every kind of usury. I must simply object to your one-sided view of the world. As I told you the other day, not every factory is good, and not every safe is always a bad thing. So today I must tell you: not every lender is a Shylock and not every borrower is a poor wretch. That is a medieval notion. Today, Mr Feder, it is precisely the strongest who take out loans. And in reality, there is no such hostility between accumulating and productive capital as you keep coming back to; there is, in fact, the closest of interdependencies. That is precisely the hallmark of finance capital: that there is a joint exercise of power, that the exchange of shareholdings and seats on supervisory boards now takes place on both sides. Banks are by no means the overriding power everywhere; in many cases, they are the tools of the producers. Indeed, I do not believe at all that one should generally speak of 'interest servitude' in such abstract terms. There have been interesting shifts in power over the last decade and a half . Whilst the period of inflation

the banks served as tools for fleeing into tangible assets; once stabilisation set in, the tide turned: entrepreneurs, stripped of their working capital, found themselves becoming dependent on the banks. And in many cases, this dependence is exacerbated by the speculative losses that entrepreneurs suffer because they pay little attention to their businesses and spend far too much time on the stock market. Then comes the third stage, the consolidation of conglomerates, and as a result, the banks – which are forced to prop up these conglomerates – often lose their dominant position once again. The conglomerates generate extra profits , whilst they achieve self-financing : the
I.G. has become independent and has its own regional banks.

Feder: Do you believe, Professor, that these deductions, that these explanations, will be understood by the workers, hundreds of thousands of whom are listening to the radio today? Nobody will understand that. We must now discuss what measures need to be taken to break the yoke of interest slavery. It is precisely this concept of 'interest slavery' that is so all-encompassing – far more so than your attack on pure entrepreneurial capital. We National Socialists view these measures to break the yoke of interest slavery in terms of domestic policy in the following specific measures: We must demand, and will implement once we are in political power, the nationalisation of the Reichsbank. It is this a completely

This is a self-evident demand of a sovereign state which cannot tolerate pure financial capital leading a life of its own within the framework of the national community, within the framework of the state. You bear political responsibility for the fact that this so-called Reichsbank is today not an institution of the Reich or the nation, but an international institution which, in essence, serves only the interests of those with vast financial power. Secondly, we must at long last move away from financing major public tasks in the manner we have done hitherto, namely by incurring debt. If it is not possible, in accordance with the old Frederician formula, to finance major public projects through tax revenue – that is, through the collective contribution to the state – then there is still a way to carry out these major projects if we recall the state's sovereign financial authority. By — as I propose
— finance public projects through the issuance of treasury certificates. We thus create money by virtue of our own authority. This creation of money by virtue of our own authority is undoubtedly permissible and will not lead to inflationary effects, because we are creating new value. The third measure we will take is the establishment of social housing and economic banks, so that we can pull ourselves out of the quagmire through our own efforts, particularly in one of the most crucial areas – the housing crisis – and in doing so we will be able to tackle unemployment to the greatest possible extent. The basic idea is

The same. However, there is not enough time to set out these important matters in detail. A fourth task will be to address the issue of currency revaluation in a fair and socially just manner. Just as billions in assets were destroyed by the fraud perpetrated against savers, it is equally possible to recoup a large part of these losses through a fair resolution of the revaluation issue. Another necessary measure will be the nationalisation of real credit. A further necessity will arise when the revaluation mortgages fall due for repayment next year. Here, in order to avoid provoking a new state of chaos, it is absolutely essential that the Reich redeem these mortgages and issue a Reich bond in their place.

Nölting: Mr Feder! I have no concern that the workers who support us and whom we have trained in Marxist principles have not been able to follow my point. I am happy to address what you said. As for the socialisation of the banks — by all means, we agree. But not as an isolated measure; rather, in parallel with far-reaching socialisation measures in the sphere of production, as I told you the other day. As a consequence of economic insights, and not as a vendetta against Jewish banking capital. Incidentally, however, I would like to ask you: is now really the right time? If you wish to turn the banks into state bodies, then you must, above all, ensure the German state's creditworthiness on the world stage!

But I believe that this creditworthiness has been severely undermined by the constant threats coming from the National Socialist side. What you said about your 'Federgeld' was very interesting, . Yes, I fear that Adolf Hitler's Third Reich will once again become a hotbed of inflation, Mr Feder. It reminds me of the old children's fairy tale about 'Stretch-Yourself the Little Donkey'. You say that the state, by virtue of its monetary sovereignty, has the right to create as much money as it wishes. Allow me to give you an example. If you build a house that costs 100,000 marks, and this house yields rental income of 8,000 marks a year, then in the early years you will only receive these 8,000 marks in return, leaving aside all other considerations. The 92,000 marks' worth of building bonds that you have, however, issued in addition to this remain unsecured and have an inflationary effect. We also need a monetary standard of international significance, Mr Feder. Given the current state of the global economy, we do need a metallic basis. Even Knapp, your key witness, whom you are so fond of citing, says as much. You may be familiar with the law that states that inferior money always drives out superior money. The people would have to make do with inflationary money, whilst foreign exchange and gold-backed currency would once again circulate in large-scale transactions. This is a very dangerous situation. I have the feeling that the Third Reich would then be permeated not only by the rustling of Wodan's sacred groves, trees or oaks, but also

the clatter of the printing presses, which would have to be ramped up again to print inflationary money, Mr Feder. And that is a situation we would very much like to escape. Gladstone once said that love and money turn most people into fools. Let us both guard against this fate, Mr Feder.

Feder: Professor Nölting! The German people recall with horror the reign of the Social Democratic Finance Minister, Dr Hilferding, who was certainly a master at putting the printing presses into action. Isn't that so? So you have absolutely no reason to hold my fear of inflation against me. For, in contrast to Mr Hilferding's Marxist monetary policy, we adhere to the principle — and this is something everyone understands; even the man in the street understands it

—: Inflation arises only when new banknotes are printed without the creation of new value. Inflation will not arise if new value is created, and if I may cite a leading authority in this regard, it is the Professor of Economics at the University of Vienna, Professor Othmar Spann, who has expressed himself very clearly with regard to my theories: 'However bold Feder's lines of thought may seem, anyone who does not adhere to metallism will have to acknowledge that their core is theoretically correct and practically sound.' Undoubtedly, banknotes based on economic expansion have no inflationary effect, as

is the case when money is simply printed to cover unproductive state expenditure, as the Marxist state has done.

Nölting: Yes, Mr Feder, I don't think we want to rummage through the past. We've all been burnt before and are now wary of the fire. We've really had enough of inflation and don't want to cause any more of it. And that's precisely why I was warning you just now. Incidentally, I'd like to put a question to you: are workers in countries with low interest rates actually so much better off? And the second question: why is it that, of all places, workers in countries under dictatorship – Poland, Hungary, Italy – are doing so badly? In Italy, workers live on a weekly wage of 13 marks, as we recently read in the press.

Feder: Professor! Our task here in Germany is to look after German workers. We cannot always be looking outwards to see how things are going elsewhere. It is not our task to investigate the specific reasons behind the poor conditions of workers there. It is our duty to provide for them, and one way of doing so — to return to a second question you asked earlier — is to break free from the gold obsession. It is madness to want to base currency on gold. We ourselves in Germany have set an example to the world that it is possible to break free from the gold mania by creating the Rentenmark. Indeed, the Rentenmark is not

backed by liquid assets, as you demanded earlier for ‘paper money’, as you put it. After all, land is not immediately redeemable either.

Nölting: Yes, but, Mr Feder, we only have a total of 400 million Rentenmarks in circulation. The Rentenmark has been spared any real-world test, because it could be exchanged for other banknotes at any time. That is why its value held steady. But, Mr Feder, I believe we must address what you said earlier about the Young Plan. I would first like to point out: There is not a single person in Germany who is keen to pay. And we Marxists, God knows, are certainly not reparations-obsessed, compliance-obsessed sadists, as you are so fond of portraying us. The problem is simply this, Mr Feder: that we have to pay. The enemy’s removal van is at the door. Making life easier for oneself by not paying one’s debts is an old student’s trick. We may both have tried this as students, and neither of us got very far with it. Foreign policy cannot be conducted to the tune of ‘D alte Burschen Herrlichkeit’. Admittedly, the path of compliance is a road to Golgotha, but it has not been a dead end. May I remind you of the figures, Mr Feder. Yes, despite your objection. We are at least from the The 340 billion that was being discussed back then in Versailles, followed by the 123 billion in the London ultimatum

and then to the 47 billion of the Young Plan. And we, too, have the impression that the Young Plan must not be regarded as a final solution, that it, too, is merely a stage along the way. That this Europe will still have to drag its weary body to many a conference table. Without the Young Plan, we would be following Europe's hearse; as it is, we are following Europe's ambulance. God knows there is no cause whatsoever to burst out in joy over this. And if you think it was national unreliability that led us to vote in favour of the Young Plan, then I would draw your attention to the fact that Hindenburg—against whom you could hardly level such a charge—signed it. Do you really want the unilateral tearing up of the Treaty of Versailles? That means war, Mr Feder! And the mountain of skulls would be even higher than the mountain of reparations. The problem would have remained, but with the tables turned.

Feder: Professor Nölting! Just a brief point of correction. Firstly, it is not correct to say that only 400 million Rentenmarks were in circulation. You know full well that 2.3 billion Rentenmark notes were put into circulation, and then there were the 2.5 billion Goldmark notes as well. Of the Goldmark notes we have today, only a third were backed by gold. So at least 4.5 billion were in circulation without the so-called backing that you are calling for. Furthermore, it is incorrect, as you said earlier, that at the start there were 340

There has been talk of a claim for billions. That has never been the case. Look it up in the Treaty of Versailles; there you will find that the initial demand was for 40 billion and, should that be paid, a further 80 billion on top of that. The First London Agreement demanded 132 billion — a figure you did not quote correctly earlier either — and now, under the Dawes Plan, which did not set a final sum, a further 114 billion has been added to the approximately 50 billion already paid up to last year under the Young Plan. You then asked me: Do you think we could extricate ourselves from this situation in the eyes of the outside world? Yes, of course; as far as external relations are concerned, breaking free from the yoke of interest payments is not a matter of Germany's free personal decision. For here we come up against a will opposed to our own. This is a highly political issue and thus, naturally, purely a question of power. Here we can no longer rely on any financial theories or economic policy considerations; here, it is purely a question of whether we have the power to cast off these chains. If we do not cast off these chains, then at the end of this 'Road to Golgotha', Professor, as you so poetically put it, lie crucifixion and death. That is why we must cast off these chains. We must also draw a very clear distinction between private debt obligations to foreign countries and political debt. As far as it relates to the German

Since the foreign debt, which I estimated earlier at 26 billion, consists of actual private loans, the majority of which have been invested in Germany in assets and projects that yield economic returns for us, a future National Socialist government — following a thorough examination of the situation — ensure that the borrowed funds are repaid as quickly as possible, which of course in no way precludes us from seeking, through negotiations with foreign creditors, a reduction in interest rates and possibly also in the total amount owed. This would serve only our nation and thus the German worker. In this regard, the forthcoming government will be guided by the principle that there must be a fair balance between performance and consideration. May I simply point out that, due to the increased purchasing power—measured against the gold index—our burdens are already considerably heavier today than they were at the time? Insofar as the financial obligations entered into consist of purely political claims, for which there has been no actual performance on the part of the Allied and associated governments, we do not recognise any legal obligation. If you have been following the reports in the daily press on 1 January, it cannot have escaped your notice that the idea of revision is gaining ground, not only in Germany but throughout the world. Naturally, our ultimate political objective is not merely revision, but the abolition of the

Treaties – these dreadful treaties – which, in my view and in the view of so many people throughout the world, are ultimately the root cause of the economic misery in Europe and across the globe. This shedding of burdens, this Seisachtheia (debt relief), is our ultimate political goal. This supreme objective can, of course — and we are quite clear on this — only be achieved step by step. We shall encounter formidable resistance, which must be overcome, but we shall likewise find supporters everywhere. It is with gratitude and satisfaction that we recall Mussolini, who, in his message to the American people, coined the phrase that even treaties have their time. I , would like to recall the statements made by the Swede Cassel, the Englishman Keynes and various American senators, who have clearly expressed the impracticability of the Dawes and Young payments. In this context, we must, of course, also rule out the League of Nations' mutual guarantee obligation. We must withdraw from this League of Nations and reflect on our own national interests. We National Socialists can say with pride: we have now roused the nation. It is with joy that we note that 1930 has been a year of awakening, which will be followed by 1931 as a year of action.

Nölting: Mr Feder! I am not sure whether it was entirely appropriate to deliver this address of thanks to the Italian Duce . We come, as it seems to me , from the

dire situation in which we find ourselves, not by splitting Europe once again into two new camps. For we need peace throughout the whole of Europe. This fawning, this desperate search for alliances, this running after Mussolini with a raised index finger: 'I'd like a go!', that gets us nowhere, nor does it befit our national dignity. For I believe it is not in keeping with national dignity to once again act as mercenaries, serving ourselves and snatching up the scraps that fall from the table of the great powers. May I also point out to you that Italy has already been our ally once before. What else do you have left apart from Italy? Perhaps Soviet Russia, Mr Feder? A curious combination: Mr Stalin on one side, Mr Hitler on the other. That would result in a tremendous jumble of cries of 'Hitler' and 'Heil Moscow'. And Germany — and this is the worst part — Germany itself would become the battleground in such a war. It is, at any rate, commendable that you are at least willing to recognise the private debt obligations. Admittedly, your speech was rather vague on that point. For you will, I imagine, be considering how exactly you will fulfil these debt obligations at a later date. I believe that a unilateral decision on your part would lead to very fierce countermeasures. A threefold embargo would be imposed on Germany: the raw materials embargo, the sales embargo and the

Credit freeze. And may I remind you that we do, after all, have 6–7 billion in short-term bonds in Germany. Why are our interest rates so exorbitant? They are so exorbitant because a huge risk premium is being added. And that premium is being added because the situation in Germany smells dicey, because you have brought the stench of impending civil war into the country. A conversion will only happen if people abroad trust us again. The marshy ground beneath our feet must first have turned back into solid ground before we can even think of such a reduction. But by rattling our sabres, or by unilaterally committing ourselves to a particular policy of military build-up, we will certainly not make any progress; on the contrary, we will lose the ground we had. If you suggested earlier that crucifixion lay at the end of this road to Golgotha, then I can only reply that one should not commit suicide out of fear of death, and that your policy would merely lead to our facing crucifixion a little sooner.

Feder: Professor! It is strange for a Marxist to set himself up as the guardian of German dignity. Please do not take offence! For your comrade Grispien was the man who coined the phrase: 'I know of no fatherland called Germany.' But let us move on from that. You are once again accusing me of bellicose intentions. I must state in the strongest possible terms that this is our will for national self-reflection and self-preservation

is by no means intended as a dig at any nation whatsoever. We are not driven by any desire for revenge—a notion that would inevitably lead to military conflict—but we demand the right to expand our national defences in proportion to the threat facing our people, or, which we would far prefer, a reduction in our adversaries' armaments, as indeed provided for in the Treaty of Versailles. But these are, as I have said, all matters of power which cannot be resolved through theoretical discussions and witty remarks, but only through a entirely clear policy of alliances. You clearly love the
'splendid isolation' – this glorious isolation of Germany – and we do not wish to seek an alliance with Italy or with any other party. Honest and clear words have a far more positive effect – even abroad – on our credibility than the constant repeated declarations of subservience and the constant endeavour to meet unfulfillable demands. The ultimate and deepest reason for our fanatical opposition — to say just a few brief words on domestic policy — to the Reich Government's policy of compliance is, after all, that the thesis of the Brüning Government and of the Minister of Finance, Dr Dietrich, which he expressed in his budget speech, is emphasised time and again: first financial reorganisation, then revision. We National Socialists counter this with the demand for immediate revision, precisely because a reorganisation of German finances is impossible as long as the insanely tax burdens remain in place without any consideration

. Even in private life, no one would grant a debtor a remission; if he restructures his finances and this restructuring takes place solely by incurring further debt according to today's tried-and-tested formula, then we will sink into ever deeper servitude towards foreign countries and, moreover, gain a reputation as dishonest partners.

Nölting: First of all, let me just say this: alliance politics always leads to a point where one becomes paralysed by armaments, and where the guns then go off of their own accord. But secondly: you have once again accused me of a lack of national sentiment and sought to cast the Marxist in a bad light whenever he speaks of his fatherland at all. It is the old accusation: that we are tearing the nation apart. The nation is torn apart by class antagonisms, which you are deepening. And as long as we cannot bridge those divides by changing the system of property ownership, the nation will continue to disintegrate into two peoples. A national community can only exist on level ground, and when you just mentioned Crispien's words: 'The worker has no fatherland', we have always added: 'Very well, then let us create one for him.' A class does not come into being simply because we have discovered it as a sociological concept, nor is it abolished simply because you deny its existence. As long as there are class antagonisms, there will also be class struggle. For shifts in power can only be achieved through class struggle. And please do not always be so alarmed by this term! For this class struggle has a long history. It extends from

From our ballot papers right up to the scaffold where, in Mr Hitler's own words in Leipzig, our heads are one day to roll, Mr Feder. Walk through East Berlin and then through West Berlin, and you will understand why there is a class struggle. When working-class children are kept out of secondary schools; when, in old Prussia, there was one bourgeois among the thirteen High Presidents, and he was even more conservative and even more daft than the others; when we were called enemies of the Reich and weren't even allowed to become night watchmen: that, too, was class struggle. You must learn to see the world from the other side. The First of May is just as political, Mr Feder, as the Emperor's birthday is. And you, too, are waging class struggle. For you are stirring up the capitalist middle strata and merely adding the middle-class struggle to the proletarian struggle. And as for whether this class struggle has become more refined through your gesture, Mr Feder — for the time being, I can only see that it has become louder.

Feder: Professor Nölting! The very idea of class struggle is precisely why we hate Marxism. The idea of class struggle is the most dreadful attack on the unity, cohesion and driving force of the nation. We hate Marxism because its theoretical egalitarianism and the materialist conception of history constitute a destruction of personal values. We hate Marxism because it has failed to deliver on all its grand promises at the outset of this

The era in which we find ourselves today has not lived up to expectations. And this is the only question the worker asks: what has today's German Republic brought him? Millions are living on the streets, rather than enjoying freedom, peace and bread, as you promised. We National Socialists cherish the will to self-preservation and the idea of the national community within. Outwardly, we are the upholders of the German concept of defence; outwardly, you are the spokespeople for pacifism – and thus for subservience. We want to help German labour regain its productivity. Because we National Socialists love the people, that is why we hate Marxism. Because for us, honour takes precedence over profit; because the national community comes before the class struggle; and because we prioritise the will to defend our nation over pacifism. And if you still smile today at our line of thinking, Professor: today's utopias — as you call them — are tomorrow's realities. History will one day decide who was right.

Nölting. It is rather charming that you begin your proclamation of the 'people's community' by declaring your indelible hatred of the Marxists. As I have just told you: a 'people's community' cannot be achieved so cheaply, through mere declamations alone, and the class struggle that we recognise differs from other class struggles in that it is not, for us, an endless, ever-repeating process, but over the Marxist class theory lies the

glimmer of social prophecy. It tends towards its own abolition. For with the socialisation of the means of production, the conditions of existence of class antagonism are also eliminated. And so peace grows out of struggle, and love springs from hatred. For the class is not merely a vessel in which negative emotions accumulate—hatred of kings, hatred of exploiters—but the class struggle is the form in which we transform these stored-up emotions into driving force. From our hatred of institutions grows that historical movement which is intended to bring about better conditions.

Feder: That is the romanticism of a dying system, Professor.

Fundamentals of National Socialist Economic Policy

First published in the 1932 Yearbook

1. The Role and Purpose of the Economy

The economy as a whole has the primary task of adequately meeting the three basic needs of all citizens – food, housing and clothing – and, furthermore, of satisfying all cultural and civilisational needs in accordance with the current state of technology and income levels. The economy as a whole is a serving component within the overall organism of the people; in the best sense, it serves the people for the greatness and welfare of the nation.

A nation's economy is not an end in itself; it is not there to enrich individual business leaders at the expense of their civil servants, employees and workers, nor, even less so, is it there to serve as an object of exploitation for international high finance.

2. Forms of the economy

There are three ways of conducting economic activity:

1. A free economy without any constraints (capitalist–liberal),

2. a restricted, controlled planned economy (Marxist–collectivist),
3. a genuinely people-centred economy organised along corporative lines (universalist National Socialist).

The completely unregulated capitalist economic system leads to ever-worsening disparities between rich and poor; it gives rise to methods of exploitation that result in the depersonalisation and debasement of the entire economy; and it unleashes ongoing economic struggles which the state itself is powerless to stop and can only watch passively. The constrained, systematically regulated, Marxist economic system of the socialisation of the means of production leads to the elimination of the most powerful economic factor: the creative individual. Such an economy becomes barren and declines in its productivity.

Only the organically structured National Socialist economy, which once again clears the way for the creative individual, free from capitalist exploitation and Marxist egalitarianism, can, under careful state supervision, become a source of genuine prosperity for the nation as a whole.

The class-struggle division between employers and employees must be bridged by the National Socialist slogan:

Workers of the brow and the fist, unite!

Only in this way will everyone, in their own place, be able to do their best for their people and, in so doing, for themselves as well.

3. State and Economy

In the age of liberalism, organic economic management was dismantled, and a fierce power struggle developed between the state and the economy.

This power struggle can yield two outcomes: either purely materialistic—capitalist interests triumph over the state and thus over the population (bondage to interest), or the political rulers seize control of the entire economic apparatus (socialising it), in which case the state itself becomes an economic machine and sinks to the level of an institution of forced labour, as in Russia.

National Socialism unequivocally assigns the state a position of primacy over the economy, for the state—as the representative and guardian of the nation's power, honour and prestige, and as the builder of the Reich—must not engage directly in the productive economy, as it would then all too soon be drawn into the self-interested operations of individual economic sectors and would no longer be free to work for the common good.

This gives rise, with regard to the relationship between the state and the economy,

1. the state's right of supervision over the economy and
2. the state's right to intervene through police, administrative and fiscal (tax) measures, should the overall interests of the state so require.

4. Fundamentals of the economy

Creative, productive labour – the labour of the mind and the hand – is the foundation of the entire economy. Labour, therefore, deserves the foremost and most honourable place in the whole economy. Wealth, property, possessions, the acquisition of material goods of all kinds, money, capital, houses, factories, means of production, machinery, and indeed even buildings and cultivated land – all are merely the fruits of productive labour. The foremost task of the future state will be to protect the creative individual and to safeguard the workforce from exploitation. All labour is worthy of its reward, and all labour must yield an appropriate return. It follows that the fruits of diligent and skilful labour—be they cultivated land, tools or goods—shall pass into the free possession and ownership of the creator and shall be protected by law and justice. The same applies to intellectual property rights.

National Socialism fundamentally recognises private property and places it under state protection.

However, it links the right to property to moral obligations towards the nation as a whole.

National Socialism also recognises the right of inheritance, since, for it, the family is the most important unit of the state.

The right to the product of labour must not be interpreted as meaning that it is ever possible to make the sale value of a product the basis for wages . In the prices

(selling prices) of the products must include the very numerous items relating to raw materials, wear and tear on machinery and its replacement, buildings, unskilled labour, commercial and technical management, social and sanitary facilities, as well as education and the next generation, pension and health care, for the state institutions enabling and safeguarding production, the administration of justice, trade agreements, and indeed national production through the police and the army, etc.

Alongside this most widespread form of private property there is of course collectivist ownership is also possible in the form of state and municipal ownership, cooperative ownership or ownership by legal entities under civil law, etc. In contrast to the capitalist and Marxist systems, the National Socialist state will once again enable every productive individual to acquire property.

The propertyless proletarians shall acquire property in the National Socialist state through diligence and competence. They are to feel that they are full citizens and partners in the nation's total production.

5. Labour and Capital

Capitalism has managed to completely subjugate labour, to exploit it and to make it subject to interest payments. In doing so, it has virtually turned the natural and healthy relationship between labour and capital (money) on its head

The current state of affairs in the country, in local authorities and in the economy reveals the most dreadful consequences of this unhealthy, indeed deadly development. National Socialism refers to this state of affairs: bondage to interest.

The despotism of loan capital is no longer content with the simple forms of money lending; long ago, through anonymisation (the conversion of economic enterprises into public limited companies), it has deprived creative individuals of the best part of their scope for action and shifted the economy from its original task of meeting needs to a purely profit-driven approach. Furthermore, finance capital has succeeded in restructuring public finance entirely around the disastrous system of borrowing (read: incurring debt), and on a global scale, the appalling treaties between Germany and the Allies (the Treaty of Versailles, the Dawes Plan and the Young Plan) signify the consummation of high finance's dominion over German labour through interest.

Breaking free from the bondage of interest is the greatest and most significant economic policy task facing the National Socialist state. It is the prerequisite for the recovery of the economy. Details of the measures envisaged by the NSDAP are set out in sufficient detail in the party's official publications.

During the transitional period, the National Socialist state will make moderate use of its right to create money to finance major public projects and housing construction in accordance with my well-known proposals (the Construction and Economic Bank, etc.).

6. The Organic National Economy

National Socialist economic reconstruction: The economy is a skilfully structured system. The existing cross-links (workers, white-collar employees, civil servants, entrepreneurs, trade unions) lead to fragmentation of the economyinto various interest groups which are engaged in open or covert conflict with one another.

The genuine, true economy strives to dissolve these inorganic interconnections and to bring together employers and employees across the various sectors of the economy in the spirit of a professional organisation.

The National Socialist State regards it as one of its most vital tasks to free the relationship between employer and employee from the toxic atmosphere of class struggle and caste arrogance, and to align all those employed in the production process, in a spirit of loyalty and responsibility, with the common goal of national labour.

By granting extensive self-governance, the professional bodies the regulation of wages and

holiday entitlements; above all, they will work to restore professional honour and regulate all personal relations between employees and managers within companies. These professional bodies will be organised into district, county and regional associations, with their central authority located within the Reich.

Alongside these professional and trade chambers, which regulate personal relationships, a new feature in economic life will be the so-called Chambers of Commerce, comprising independent men who have no personal interest in, nor are they dependent on, the economy itself. The Chambers of Commerce will have the task of assessing the significance of the individual branches of industry and monitoring them in the spirit of and in the service of the public interest.

A particularly important task of these chambers of commerce will be the promotion of the domestic market and the careful supervision of foreign trade.

The Chambers of Commerce will be brought together within the Reich Economic Council, which safeguards the general interests of the entire nation against the specific demands and interests of individual sectors of the economy.

Example:

Between 1925 and 1930, the Saxon textile industry experienced an extraordinary boom thanks to the fashion for light-coloured ladies' stockings, which were exported all over the world. At the same time , the German

knitting machine manufacturers—have been offering their knitting machines to industrialists all over the world. Every knitting machine sold abroad means competition for German textile workers, unemployment, hunger and misery for the German textile industry. The Chambers of Commerce of the Third Reich will have the task of making such mutual competition impossible; knitting machines that take bread from the mouths of German textile workers must not be exported. A modern example on a grand scale is the orders placed by Soviet Russia with German industry, with the aim of unleashing a fierce competitive struggle against the German economy.

7. Trade Policy

The principle of National Socialist foreign trade policy is:

No products that can be grown or manufactured in Germany may be sourced from abroad. This means protecting the German economy, in both town and country, from foreign competition.

If Germany today imports around 4 billion in foreign foodstuffs (wheat, barley, fruit, vegetables, butter, eggs, cheese, meat, etc.), this results in misery and hardship in German agriculture, unemployment and a constant drain on the German national wealth. (Example: Imports of frozen meat.) Equally outrageous is the fact that

over 2 billion in manufactured goods (clothes, linen, machinery, cars, hardware, etc.) were imported into Germany from abroad. A German who buys an expensive foreign car is effectively paying around 3,000 RM in wages to foreign workers. German workers who could have done the same work become unemployed, and German taxpayers have to top this up with a further 2,000 RM in unemployment benefit for every such car purchase. The ban on importing superfluous foreign goods by no means constitutes a foolish and impracticable isolation from other countries and the world market; rather, just as other countries will continue to need high-quality German products for many years to come, we urgently require the raw materials that our processing industry absolutely needs: cotton, wool, copper, hides, furs, mineral oils, iron ore, etc.

8. Transitional measures

Eradication of unemployment.

When the National Socialists assume political power, they will find the German economy in an absolutely dire state. An army of five million unemployed demands reintegration into the production process; the state finances are in ruins; the state and the economy are completely in debt; the tax revenue and purchasing power of the population have dwindled; the state coffers

are empty, agriculture, industry, trade and trade are on the brink of collapse. Moreover, a system of irresponsibility, corruption and party-political cronyism prevails, and the spirit is poisoned by the ideology of class struggle. The first task, therefore, is to carry out a massive programme of purification and re-education. Work and bread must be provided.

The introduction of compulsory labour service will, as a first step, free half a million of our fellow Germans from the scourge of unemployment. The necessary dismantling of rent legislation will initially take the form of exempting at least half of those liable for property tax from their tax liability, provided they submit receipts for repair work carried out on their properties to cover the exempted amounts. Hundreds of thousands would be provided with food, and hundreds of thousands would be reintegrated into the economic process.

Following on from this, the construction industry will be provided with work through the promotion of building and housing development, and through the provision of low-cost (interest-free) loans, in accordance with my proposals, by establishing social housing and commercial banks.

Under government pressure, extensive import restrictions will be implemented and demand will be channelled towards the domestic market. Agriculture will be given the utmost priority through interest rate cuts, debt restructuring, tax relief and the provision of low-cost loans in the situation , the import of eggs, fruit,

vegetables, meat, butter, etc. on German soil and bringing them to market. We must succeed in making at least 2 billion worth of food imports redundant through domestic production. This would, however, allow for the reintegration of at least 1 million unemployed people into the workforce. The same objective will be achieved by eliminating the import of foreign industrial goods into the German domestic market. Once again, hundreds of thousands will find employment in the revitalised economy. In the field of fiscal policy, the strongest impetus and relief will come from reducing high interest rates, initially by nationalising the Reichsbank and the other central banks.

The nationalisation of real credit and the conversion of high-interest mortgage bonds will bring about a massive revival in the property and construction markets.

The nationalisation, or the placing of the major banks under state supervision, will pave the way for the relief and resolution of interest-bearing debt across the broadest sections of the economy.

The nationalisation of the electricity supply will result in a very significant reduction in electricity prices and have a stimulating effect on production as a whole.

Alongside these measures, which represent a massive revitalisation of the domestic market , come the major

foreign policy tasks, which can only be hinted at here:

The abolition of Young tributes, the expansion of our economic sphere through customs agreements, etc. A vigorous policy of alliances will ensure the re-establishment of a German state based on work and achievement, which, far removed from imperialist aims, will see its sole objective in securing work and bread for the German people in freedom and honour.

National Socialism and Property

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National Socialism understands property, entirely in keeping with the historical development of the concept, as 'the orderly power of disposal over things'. With the use of the term 'orderly', the concept of property extends into the sphere of legal institutions, and so the most general concept of property may be described as the legal regulation of the power of disposal over things. But there is no doubt that the free power of disposal over property, whether held by individuals or communities, may be impeded by external influences, so that, ultimately, property can never amount to an unrestricted power of disposal. As the most formally correct and most accurate explanation of 'ownership' is therefore likely to be the one which regards ownership merely as the ultimate right to decide on a matter, after other persons or the public authorities have been able to assert rights which, in practice, may under certain circumstances nullify the free 'power of disposal over property' to the greatest extent.

In this context, the hierarchy of the claims of others seems to me to be of the utmost importance. First and foremost is the priority of the public authorities, followed by the restrictions on the

Ownership through claims held by private individuals in the form of mortgages or the pledging of claims. The priority of the public sector, or the state, is undoubtedly of particular significance to our analysis. There is no doubt that the state can completely abolish an individual's property, as it can, through expropriation, intervene in private property by means of an act of coercion by the authorities, going as far as the complete abolition of that property.

However, even the most splendid of constitutions—such as Article 153 of the Reich Constitution, which declares private property to be inviolable—offers no protection whatsoever against this.

Following these very general, brief guidelines and formal considerations regarding the concept of property, the one despite the strong significant potential for restriction, must ultimately be regarded as the decisive legal relationship in its own right, a very brief review of the history of property will be necessary; this is all the more so as National Socialism fundamentally rejects the formulation of any utopian demands or the creation of concepts that do not grow historically out of an organic shaping and consideration of the national character.

In ancient German law, there was no such thing as ownership of land. The land belonged to the people and was granted to individuals as fiefs. It was only with the introduction of Justinian law that the land ownership became

Private property was enshrined in law to safeguard it against the power of the sovereign and arbitrary rule by the cabinet. This enshrinement of private property, including land ownership, in the legal principles of the Middle Ages was not even overturned by the French Revolution, and I would like to emphasise here, in the face of Marxist rhetoric and Bolshevik practice, that Article 17 of the 'Declaration des droits de l'homme et du citoyen' (Declaration of the Rights of Man and of the Citizen) expressly states: 'Property, as an inviolable and sacred right, may be expropriated only when a public necessity, duly established, expressly requires it, and only on condition of fair compensation.'

There can therefore be no shadow of a doubt that the general concept of the recognition and protection of private property as the foundation of human society has, until very recently, been a common principle shared by all civilised nations.

Section 903 of the 'Civil Code' stipulates: 'The owner of a thing may, in so far as the law or the rights of others do not preclude it, dispose of the thing as he sees fit and exclude interference by third parties.'

What strikes me as particularly noteworthy in this legal conception under the law currently in force in Germany is the explicit provision that the owner may 'at will' and at exclude the interference of 'third parties'

may dispose of his property, whilst the possibility of legal restrictions or limitations arising from the privileges of others is mentioned only in a subordinate clause. Admittedly, the practice of recent decades has taught German owners of property or land, in a most unwelcome manner, that this subordinate clause has virtually become the main clause, and that the creative German people have entered an era of the most unbridled expropriation.

Aristotle provided the most incisive and clearest justification for private property, in contrast to the theoretical abolition of all private property in anarchism, by explaining: 'All forms of community are dangerous and give rise to disputes more easily and more intensely than the legally separate status of the individual. Separate ownership will be an incentive to work, since everyone will then be working for themselves. But also with regard to the joy and responsibility of ownership, the notion that something is our own is far greater, especially as this alone makes the virtue of generosity possible, which is entirely lost in communist life.'

In ancient Rome, jurists counted private property amongst the institutions of the 'ius gentium': a right cherished by all peoples. Hobbes provided a lucid, purpose-driven justification for property — though he began by addressing the communist idea of 'omnia omnibus',
'everything belongs to everyone', 'everyone may freely take whatever they can and

“can defend” — but immediately follows this with the realisation that this would mean a war of all against all. The right of all to everything could therefore not be upheld, and only the establishment of private property — that is, a legal regulation of the power of disposal over things — would assign to each individual their own sphere of rights.

Herein lies the connection between the thing and the person; property becomes, in the sense and according to the understanding of modern legal theory, in a sense a part of one’s personality.

This justification and grounding of the concept of property in the idea of an orderly human society has been met with criticism, of which the following are worth mentioning briefly: It is often claimed that early Christianity rejected private property. This is, however, by no means correct; rather, the spirit of charity was very strongly developed, and the members of the congregation supported one another in a spirit of brotherhood and helped one another. In various sects of the Middle Ages—such as the Cathars, the Waldensians, the Bohemian Adamites, the Anabaptists and others—the compulsion to live in a communal manner took the place of free acts of charity. In contrast, the Catholic Church never demanded the communal ownership of property nor condemned private property as an obstacle to salvation. However, this recognition of private property was always accompanied by the observation that the owner before God is merely the steward of his

possessions, from which he should share with his fellow human beings in need, and that exploiting them by virtue of his wealth is particularly reprehensible. This also forms the basis of Augustine's doctrine of interest, which is extremely closely related to the National Socialist view.

The utopian works of Thomas More, Campanella's *The City of the Sun* – which also calls for communal marriage – right through to Bellamy's *Looking Back from the Year 2000* can justifiably be dismissed as fictional constructs. By contrast, Babeuf's utopian socialism stands out as the intellectual breeding ground for Marxist theories. Babeuf holds that all property belongs to the people and coined the phrase: 'Everyone has a right to everything; the most perfect equality of property is established.' Fourier makes the same demand, calling for the abolition of all private property, whilst Proudhon is the author of the famous saying: 'La propriété c'est le vol' ('Property is theft').

Finally, Marxist socialism, in line with its materialist conception of history, regards private ownership of the means of production as an unjust coercive institution through which the owner can dispose of the fruits of others' labour and generate surplus value at the workers' expense.

In a logical extension of these ideas, Bolshevism abolished private property. However, in doing so, it did not eliminate exploitation, but merely replaced the potential and actual exploitation of

workers by individuals with the exploitation of workers by the masses.

This brief historical review of the concept and substance of private property, and of the arguments for and against it, was essential in order to explain, set out and justify National Socialism's position on private property. Previous views could undoubtedly be summarised in two extremes: the recognition of private property and the rejection of private property. The denial of private property leads to collective—communist economy, to coercion and misery. A Unrestricted recognition of private property, as demanded by Western capitalism and as it has sought to have guaranteed through preferential claims in international treaties (the Dawes and Young Plans), likewise leads, for the individual, to the dissolution of private property and thus to misery and destitution.

National Socialism, as our programme clearly and unambiguously states, is founded on the recognition of private property, subject to the explicit general restriction that it must have been acquired through one's own ability and achievement, whereby my commentary expressly includes the prior contributions of fathers and forefathers. Inheritance law is therefore also recognised. However, this too is subject to the fundamental inclusion of the moral obligation:

‘Whatever you have inherited from your fathers, earn it so that you may possess it.’

National Socialism thus seeks to moralise the concept of property, both by requiring, in accordance with the general principle of merit, that one generate one’s own value, and by incorporating the social obligation that permits unrestricted disposal of private property only when it serves the common good: ‘The common good before self-interest!’

A third factor is of particular significance: the primacy of the state, together with its right to intervene and, where necessary, to expropriate private property that is managed poorly or to the detriment of the common good. It is precisely this last idea that is intended to, will and must supplant the worldview of individualism, with its liberal-capitalist ruthlessness in the unrestrained exploitation of private property. In particular, the tendencies towards ruthless and unrestrained exploitation, which have been introduced into the economy by modern forms of pure finance and loan capital, must disappear. Anonymisation—the form of the public limited company in the economy—led to a truly alarming decline in the economy, to a depersonalisation and debasement which was bound to become the most dangerous breeding ground and breeding ground for Marxist-Communist ideas.

Thus, National Socialism, which recognises the individual as the most significant factor in state and economic life, is compelled to take a firm stand against mass hysteria and the power of money, even if this means opposing certain forms of private property that are accepted today.

National Socialism regards a legal system which enables the hard-working and capable to acquire private property and guarantees ownership of what has been acquired as the best foundation for the revival of the economy and the individual, and thus also as the prerequisite and foundation of all culture. State intervention should, as a general rule, only take place when higher national imperatives imperatively demand it, and even this should, as a general rule, only occur in return for appropriate compensation, unless general sacrifices are required in the interests of the whole (war taxes). It goes without saying that the State itself, as well as other public-law bodies, may own collective property; indeed, the National Socialist State, in accordance with the Party Programme—which, in Article 13, calls for the nationalisation of all enterprises already socialised—will nationalise various sectors of activity which, during their economic development, have hitherto been in private hands, such as the electricity and fuel supply sectors. It must be expressly pointed out here that nationalisation in the sector of the sphere of production is not

intended, as its productivity is sustained by the free, self-creative individual.

In contrast, entirely different principles apply in the sphere of circulation—that is, in the areas of administration and the provision of essential goods to the population, in the transport sector and, above all, in the monetary system. The nationalisation of the entire monetary and credit system has become the very cornerstone of the National Socialist programme, and all opposing or half-hearted solutions that would leave the monetary system in the hands of financial capitalism or individual professional groups are rejected on principle. One should bear in mind in particular that, in the hands of loan capital, usurious interest rates were one of the most dangerous instruments for expropriating private property and residential and landholdings to , as no less than
100,000 bankruptcies in Germany over the last decade. The appalling post-war expropriation brought about by inflation is further proof of how dangerous Marxist ideology, combined with capitalist predation, is for the preservation of private property.

The fundamental recognition of private property in the National Socialist state is in no way undermined by Article 17 of our programme, which our opponents are so fond of quoting time and again; this article refers to the creation of a law for the gratuitous expropriation

refers to land and property. A government that lacks the courage to expropriate unlawfully acquired property – even if it has taken the form of legally recognised forms of ownership – without compensation, is incapable of protecting honestly acquired property from usury, robbery and theft, particularly in the modern forms of banking and stock-market predation.

All in all, National Socialism is thus founded on private property, which it places under state protection. The welfare of the people, however, sets a limit to the excessive accumulation of wealth in the hands of individuals. Usury and profiteering, as well as ruthless enrichment at the expense and to the detriment of the people, are punishable by death.

By breaking the bondage of interest, that is, by freeing the state and the economy from its dreadful foreign policy interest— and tribute obligations (a political act), through the nationalisation of the monetary and credit system with the ultimate aim of providing cheap, indeed interest-free, loans for tasks of paramount economic importance, debt restructuring, and interest— and tax relief for the beleaguered agricultural sector, trade, crafts and industry; only then will it once again be possible to rebuild private wealth, which in recent years has been shaken to its very foundations, burdened and entirely dispossessed across all sections of the population.

A radical reorganisation of the monetary and credit system, combined with a move away from the gold standard—initially within the domestic market—and thereby enabling the creation of money and credit, in accordance with the requirements of increasing production volumes, will once again create the conditions for the reintegration into the production process of millions of our fellow citizens who are currently at the mercy of the scourge of unemployment . The harnessing of significant technical innovations will stimulate the labour market in ways as yet unimagined and lead the undoubtedly existing global economic crisis in the field of technical production to a significant resurgence, enabling nations to ensure the welfare of all their fellow citizens at a higher cultural level.

This fundamental National Socialist attitude towards property will be of particular significance to the masses of manual labourers who are currently propertyless.

The National Socialist state will pay particular attention to ensuring that the working class, having been hopelessly uprooted in the major cities, can once again become rooted in the German homeland through resettlement. They are to become down-to-earth once more, and are to acquire their own small houses in housing estates that are hygienic and of impeccable standard; in doing so, they are to be allocated sufficient land to enable them, through , , gardening and , small-scale livestock farming , to provide for themselves during

crises and times of hardship. In good times, your own garden will provide a most welcome boost to your income.

Naturally, this presupposes a systematic redistribution of the population, involving the decongestion of large cities and a return to the countryside and smaller rural towns, in line with the major population policy inaugurated by Adolf Hitler. National Socialism sees the greatest and surest foundation of a powerful, resurgent state—one that is physically and mentally healthy and of a superior racial standard, based on work and achievement—in the greatest possible number of free, independent livelihoods.

Future generations will also come to recognise, in the realm of redefining the concept of property, a great achievement in National Socialist thought which removes an infinite amount of hatred and strife from the life of the people by establishing clear hierarchies and boundaries between state power and private property, by expropriating property acquired through plunder and usury, and thereby creating a new sense of legal certainty amongst the people and between nations.

Fundamental Considerations on the Financing of the Job Creation Programme

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A reply to Dr Brüning

At the Reichstag session on 10 May 1932, Gregor Straßer announced the main features of a National Socialist job-creation programme . In the sitting the following day, Reich Chancellor Brüning replied, amongst other things, as follows: 'I listened with great interest to the remarks made by Mr Straßer, because they coincide to a very large extent with the measures the Reich Government is currently preparing. Mr Straßer said that, with regard to job creation, he was in agreement with the gentlemen on this side (pointing to the left); therefore, I need hardly state that I am in agreement with them. Opinions do, however, differ on the question of financing. For my part, I shall under no circumstances agree – for reasons of both domestic and foreign policy – to do anything which might bring temporary relief, which might make me popular for a time, but which would put the currency in grave danger . . . we must choose courses of action that are entirely clear."

The Reich Chancellor is quite right to call for a very clear course of action on the question of financing. I, and with me the NSDAP, have always demanded clarity, particularly on the issue of public finance, and have sought — successfully — to bring about a clear distinction between the two camps. I would therefore like, as the NSDAP's most senior and most experienced authority in the field of monetary and credit policy, to address the Reich Chancellor Brüning to avoid and to clarify which camp actually holds a clear position on the issue of financing. The Reich Chancellor has seen fit, during the NSDAP's recent election campaigns and in particular in his accusations against me personally, to allege that we intended to bring about inflation. The Reich Chancellor sees the proof of this claim — as do so many others who have likewise made the aforementioned allegation and as well as — in the so-called 'Federgeld', which the NSDAP allegedly intended to introduce once it had seized power.

From a purely formal point of view, it must first be noted that the NSDAP's leadership never intended or announced the introduction of a new form of currency after coming to power. The term 'Federgeld' was coined by my opponents in order to discredit my theories on monetary and credit policy. Thus, the lie about 'Federgeld' found its way

into the arsenal of catchphrases used in the political battles of recent years. ‘Federgeld’ became a term so ingrained in the debate on monetary and exchange rate policy that, ultimately, any proposal in this field that in any way runs counter to the sacrosanct principles of the gold-standard-friendly Reichsbank leadership and the heads of the major banks, subsumed under the term ‘Federgeld’ . The ‘Federgeld’ is the prototype of all “fake” money.

There is no doubt that the current economic crisis is no ordinary cyclical crisis. The economy is incapable of accumulating, from within itself, the forces that would be necessary to overcome the present situation. Nor are the stimulus measures previously employed, such as: discount rate cuts, tax relief and and the like, would no longer be suitable, to have a ‘stimulating’ effect. Even the government’s subsidy policy was unable — despite an unprecedented level of activity — to halt the economic contraction. The pressure of appalling unemployment — almost one in three people in Germany is living, in one way or another, on public benefits — has now become so severe that the government is forced, against its will and its principles, to intervene actively in production. The state is to create jobs. According to the statements by Mr Reich Chancellor at the major parties

Unity. There is, however, no unity on the most important organisational issue of the entire campaign: the question of raising funds.

For the NSDAP, the path that must be taken is one that entails a thoroughly clear, radical and comprehensive solution. Before any effective measures to boost production can be undertaken, the Reichsbank and the major banks must first be completely nationalised; Germany must then immediately abandon the gold standard and adjust the external value of the Reichsmark to meet the requirements that have become necessary in consideration of the German working class and the changed global monetary conditions (almost half the world has abandoned the gold standard). We must at last summon the courage to break away from the fiction of a stable exchange rate and put an end to that disastrous policy based on the thesis once put forward by the President of the Reichsbank, Dr Luther: to withdraw even the last banknote from circulation if the 'stability of the currency' so requires.

Once the aforementioned conditions have been met, a strictly controlled expansion of credit (bank money creation) must form the basis for the implementation the major tasks of the National Socialist job creation programme. The vehicles for the creation of book money will be the 'Construction and Economic Banks' I have planned, which will either be newly established at or through the takeover of the

apparatus of the nationalised major banks can be formed from within it.

When I said above that the nationalisation of the banks is a prerequisite for the implementation of any major job creation scheme, the reason for this is as follows:

The National Socialist state will the full

To claim 'monetary sovereignty' means to possess the exclusive right to create money. The modern state does not possess this right. It would not have possessed it even if the so-called Reichsbank had been wholly owned by the Reich. Let us consider this for a moment: the Reichsbank essentially confined its activities to the issuance of paper money, whilst leaving the creation of book money entirely to the major banks! This meant that the state essentially confined itself to providing the means of payment for the consumer economy (consumer money, according to Ad. Wagner). Thus, of the approximately 6.4 billion in state means of payment, small-denomination banknotes (up to and including 100-RM notes) , including coins, accounted for 5.16 billion RM on their own (at the end of 1930). The remainder consisted of high-denomination banknotes (1,000-RM and 500-RM notes). Reichsbank book money is of entirely secondary importance. By contrast, in normal times, the book money held by the major banks is consistently estimated at around five times the total amount of state money. According to 6.5 billion of state money , we therefore have

around 33 billion in deposit money held by major banks. The liberal state had thus left the creation of the money of the commercial economy (producers' money) to the large private banks. Although the state had deprived the large banks of the right to issue banknotes, with the introduction and enforcement of cashless transactions, payments which previously could only be effected by the transfer of banknotes could now be made in the same way by transferring current account balances from one account to another. If one also takes into account the fact that, in normal times, the banks managed on average with a cash reserve of state (cash) money amounting to perhaps 8–10 per cent, it becomes clear what a colossal credit pyramid the credit-creating banks were able to .

The granting of a current account credit balance — whether against collateral or purely on trust — was, as a result of the changed payment practices, the equivalent of the earlier issue of new banknotes. The essential function of the major banks in the course of high-capitalist development was now that, through the creation of additional book money beyond their own funds and deposits — and in some circumstances even beyond the assets of the economy! — they made it possible to finance all major technical innovations and inventions, just as purely speculative and, in some cases, fraudulent manipulations could also be financed. It was this though not the only, but the most important

The financing mechanism of capitalism. All major investments were initially made possible in this way. The funds made available through normal saving would scarcely have been sufficient to bring about the technological revolutions. Future higher profits and increased saving were, in a sense, anticipated by the creation of book money and made possible in the first place. This proves that capitalism — even the creation of the 'big money' of the market economy — has been carried out entirely in accordance with the principles I have proposed. The rules of so-called 'classical' money creation (the creation of banknotes based on the exchange of commodities) applied only to the (state-issued) small change of the consumer economy.

So if 'paper money' is to be regarded as 'fake money', then all book money in the capitalist economy has been 'fake' money and thus 'paper money'. If it is claimed that all additional money creation for investment purposes amounts to inflation, then was the inflation the 'spark' that ignited the capitalist economy par excellence; when it is said that 'fiat money' creates capital 'out of thin air', then the major banks have done nothing other than that. Why should what was previously perfectly legal practice be considered heresy once the major banks have been nationalised?

If, under the capitalist system, credit expansion was primarily a response to increased saving, why

should the reverse alone be considered correct in future?

If people come at me today with the old wives' tales from national economics textbooks of the last century and counter that investment can only be carried out using savings, I can only marvel at the ignorance or audacity of my critics. It is a simple truism that, if one takes today's conventional wisdom as a basis, for example, one must first get the economy moving in order to make saving possible in the first place. So, the creation of book money takes precedence over the accumulation of savings. Not the other way round.

The fear that, following the nationalisation of the major banks, the state would no longer be subject to the constraints on the creation of book money – constraints which, until now, had been imposed on the banks by the need to ensure sufficient liquidity – is entirely unfounded. On the contrary, the National Socialist state will, by virtue of the additional creation of book money will take place solely in accordance with economic considerations, the National Socialist state will apply stricter principles to money creation than have been the practice to date. I have — as I expressly state here in response to the objections of numerous opponents of my ideas — never held the view that I wish to replace the gold standard with a standard based on real assets. Rather, I have described money as a 'claim on work performed', that is to say, economic goods. According to this view, the 'backing' of a currency by the value of money or the safeguarding of money's value

. Rather, any currency based on land or on tangible assets that can be arbitrarily multiplied conjures up the danger of inflation. Thus, the so-called ‘miracle of the Rentenmark’ cannot be explained by the fact that land, as backing, brought about the stable value of the Rentenmark; only the fact that the Rentenmark was issued in relatively small and strictly limited quantities can explain the stability of this currency.

In my book *The German State on a National and Social Foundation*, I have referred on several occasions to the
Although I have referred to the ‘backing by real assets’ of the money to be issued by the planned ‘Construction and Economic Bank’, this should not be taken to mean that what matters is the ‘backing’ that precedes the creation of money, which, in a sense, forms the basis for the additional issue
— money can never be ‘backed’ by existing real assets
— but rather that what matters is the
‘cover’ that is intended to bring about the creation of money in the first place. The decisive factor is the use to which the additional money is put: whether it is used for productive or for consumptive purposes.

Therefore, when Helfferich is cited as a key witness against my ideas by quoting the following passage from one of his Reichstag speeches: ‘If you believe that the Reich can create a means of payment with a real foundation, one of stable value, by implementing the registration of tangible assets in practice , then you are mistaken , for you can

‘You can acquire as many tangible assets as you like, but that doesn’t mean you have any money in your hands, and you will never be able to turn those tangible assets into money,’ say those who do so, who are on the wrong track. On this point, I am, quite the contrary, entirely of the same opinion as Helfferich. I have always strictly rejected the disastrous view that one can create money from tangible assets or on the basis of tangible assets.

The ‘Federgeld’ therefore has nothing to do with projects aimed at a ‘Bodenmark’, a ‘Roggenmark’, an ‘Eisenmark’, a ‘Arbeitsrentenmark’ or similar concepts.

What is regarding financing of the job-creation programme, given the billions involved (if the task is to be tackled comprehensively and effectively at all), the only option that can be seriously considered is the creation of additional book money — subject to the conditions I have already mentioned above.

The Free Trade Unions and the Brüning government rejected this approach and believed they had to opt for raising funds through a bond issue (premium bond). All proposals that were limited to a currency reform or even merely to the demand for a deflationary banking policy were, without exception, rejected with great indignation and pathos, whilst I was accorded the honour of having the impact of my line of reasoning traced through all

these proposals.

At the crisis conference of the Free Trade Unions, Deputy Federal Chairman Eggert made the following statement: “At long last, funding must be made available through a people’s job-creation bond. The job-creation bond must be structured in such a way as to draw hoarded funds out of people’s savings. To the extent that the bonds are not fully placed on the capital market, they should serve as collateral for the banks to provide interim financing for job creation. This interim financing takes the form of bills of exchange drawn on the borrower companies to be established by the contractors entrusted with the works. The banks commissioned to manage the bond issue would discount these bills of exchange, with the bond certificates serving as additional security. The banks, for their part, can discount the bills of exchange they have received at the Reichsbank.”

It goes without saying that Mr Eggert was also aware that the popularity of the proposed bond, just like the bond itself, would be a highly problematic matter. Raising liquid funds amounting to 1.5 to 2 billion from the private public is, at present, pure fantasy. The most important aspect of the project is undoubtedly the interim financing. This can mean nothing other than additional issue of

Means of payment (i.e. book money plus state money). Whilst this is certainly a necessity, it is simply beyond comprehension why the state should, on top of that, be burdened with a debt and interest burden of the same magnitude. So if any risk of inflation can arise at all from job creation and its financing, it does not stem from the fact of additional money creation, but rather from the completely nonsensical and superfluous prior creation of a government debt equal to the amount of money to be created.

Vladimir Woytinsky, the theorist of the Free Trade Unions, observes very aptly in the January issue of *Arbeit*: 'Anyone who talks of job creation is actually talking about credit creation.' Woytinsky sets out a complex financing plan, which I shall not go into in detail here, but in which a job-creation bond also plays a decisive role. Out of fear of 'paper money', Woytinsky has strayed into the thicket of liberalist theory and become hopelessly entangled in it. I am entirely in agreement with him when he asserts that the whole issue is not about 'the unrestrained exploitation of the printing press, but merely an attempt to organise economic forces'. However, I find it incomprehensible that it should be necessary for the state to borrow the funds that simply have to be created in order to eliminate unemployment. Woytinsky seems to have felt similarly, for he

says: ‘The bond route does not mean that the job-creation scheme should now be made dependent on the extent to which we succeed in arousing interest in the matter on the capital market, whether at home or abroad.’ (March issue of *Arbeit*.)

No, Mr Woytinsky, there is only one choice here — one or the other! Either a genuine bond — or a genuine expansion of credit. Any compromise is an extremely dangerous business! Woytinsky says: ‘Instead of bonds, I could say loans or credit expansion’, and: ‘Bonds represent the best economic foundation and, at the same time, the simplest banking form of credit expansion.’ This is theoretical wordplay aimed at making a virtue out of necessity. I pointed out as long as ten years ago that the issuance of government bonds must cease, as they are unworthy of the state and, moreover, merely serve to facilitate a fraudulent manoeuvre by finance capital; that, whilst exploiting the banks’ ability to create book money, the liquid funds for the bonds ultimately derive from additional purchasing power. It has fallen to the Marxist Mr Woytinsky to glorify the whole bond scam and to describe it as the ‘best economic basis’ for credit expansion. The opposite is the case. Government bonds — like securities in general — are by no means the best basis for newly created book money. Although have the major banks

have, for technical reasons, favoured ‘secured’ loans in their business practice, in reality, however, under expert management, a bank’s ‘unsecured’ loans have always been the best. Quite apart from the fact that the interim financing of job creation on the basis of debentures would, in reality, amount to nothing more than a disguised unsecured loan.

I have been accused of creating ‘capital out of thin air’ through my financing principles. To this I can only reply that never has more capital ‘gone up in smoke’ than during the deflationary period; that, if one insists on speaking of ‘air capital’ , this term applies almost exactly to a
‘bond’ for which there are no bond subscribers (social security institutions and savings banks, which might, for example, be compelled to take on bond units, do not count as genuine bond subscribers, since in that respect only a shift of capital would take place). If, as can no longer be doubted, the job-creation bond is merely a of the government apparently considered to be
If this is a ‘banking form of credit expansion’, then I can only say that it is the most economically unfavourable and, for society as a whole, the most expensive – indeed, the most dangerous – form of credit expansion. For one might well imagine the picture of an economic balance sheet: on the assets side, the economic and technical tangible assets—land, other buildings and fixtures and fittings, stocks of goods, the tangible— and services; on the

on the liabilities side, the total purchasing power (monetary assets in the broadest sense), namely potential purchasing power (which does not affect the goods market) and current purchasing power (mainly money). Under the financing method envisaged by Woytinsky and, it would appear, by the government, the volume of purchasing power is suddenly increased by a sum running into the billions (corresponding to new government borrowing of the same amount) by means of a single emergency decree prior to any activation of production and acquisition of assets, and it is precisely in this fact that I see the great danger of inflationary effects. Added to this is the creation of additional book money in roughly the same amount, as well as, in all likelihood, a further issue of banknotes or the minting of silver coins, in order to raise the additional, by no means insignificant, interest and repayment amounts for the bond. In contrast, under my proposal, the creation of additional potential purchasing power is completely eliminated, as are, of course, the Reich's new borrowing and the interest and repayment burdens; the creation of book money will consequently take place in strict accordance with the pace of value creation. This has absolutely nothing to do with inflation — which always stems solely from the budget, and thus has its ultimate causes in the excessive and spiralling public debt. It is downright ridiculous to keep talking about inflation whenever the creation of scriptural money for productive purposes is discussed. Such a risk could, at most, state

Investment activity would lead to under- or over-investment. But that is no objection to the theoretical correctness of my thesis. Furthermore, there can be no question of such a danger when one bears in mind that, over the past year and in the months of the current year, not even the necessary replacement investments have been carried out, even approximately. This means that the assets side of the national balance sheet has diminished. In other words, the Marxist economy is already covering its shortfalls from the substance of the German economy.

We have an underutilised labour force and raw materials in the country; we have investment needs which, despite this, cannot be met because 'there is no money'. The exhausted people no longer fear inflation, but they do fear the continuation of that insane, value-destroying deflationary policy which has brought about the dreaded economic leukaemia that threatens to destroy us.

Clear paths must be taken — you are right, Mr Brüning! — Only our path is clear . . . yours is dark and unknown.

The root causes of the global economic crisis

For years, scholars, politicians and statesmen have been racking their brains over the reasons for the so-called global economic crisis, which has affected both the victorious and the defeated nations in the same way. Undoubtedly, the explanations offered so far — whether of a political or general economic nature — are insufficient to account for the extraordinarily severe onset of the global economic crisis.

When I set out below the underlying – and therefore so often overlooked – root cause of the global economic crisis, I wish to make it expressly clear that this does not in any way invalidate the well-known causes of the crisis, which have had such devastating effects, particularly in Germany; on the contrary, precisely because certain—and in some cases inevitable—causes of the crisis exist, far-sighted statesmen and politicians should all the more have ensured that the political causes of this widespread global misery were eliminated. Even the most vindictive politicians on the side of our wartime enemies are now beginning to realise that the insane burden of reparations imposed on Germany was bound to bleed the German economy dry. It has also become common knowledge amongst large sections of the German people that the main cause of Germany's political—and consequently also its economic—decline is to be found in the red madness of the post-war period. The collapses of the major banks and the

ongoing crisis on the capital market prove that extraordinarily serious mistakes have been made, particularly in this area. The fact that pathetic party politics bears a fair share of the blame for the destruction of the German economy is likewise one of the many reasons for Germany's misery. However, all these reasons would not suffice to explain the unprecedented levels of unemployment in Germany and, to an increasing extent, in the rest of the world as well. We must look deeper. Undoubtedly, the reason for this phenomenon is the fact that we are at the twilight of the technological age.

All the major, significant innovations of the technological age appear to have been made; the world is, for the most part, equipped with the achievements of the technological age; the unprecedented rise of the technological, industrial age has been followed by a collapse in the field of technical infrastructure as a whole. The capacity of industrial facilities has increased enormously, whilst the market's capacity to absorb them is steadily declining.

I illustrated this years ago using a graph. (See the diagram on p. 14.) The curve depicting the development of industry over the last 70 years initially shows a powerful rise, but then an S-shaped curve leading back downwards. This curve is regarded as the overall trajectory for the entire technical and industrial development, and likewise for almost all significant individual phenomena of the technical age. As an example,

, take the development of the railway system, which can indeed be regarded as prototypical of the age of transport and technology.

The starting point of the railway's development is, of course, the invention itself. As with all new ventures, the greatest difficulty lies in gaining acceptance in the early days, and the idea of the railway – which has now become common knowledge – also fought its way through the resistance of its contemporaries at an infinitely slow and laborious pace . The infamous report by the Erlangen Medical College against the railway has become well known; according to this, travelling by railway was impossible and posed extraordinarily great dangers to the health of passengers and onlookers, to the extent that the railway line would have to be fenced off with planks at the very least. As is well known, of these wooden fences, only the planks in front of the brains of the scholars of that time have survived for posterity. The railway system and rail travel gradually and laboriously gained acceptance. Soon, however, everyone became convinced of the extraordinary advantages of the railway; new railways sprang up everywhere, the railway became a means of public transport, and the entire industry threw itself into this vast field of activity. Without ceasing, new locomotive factories, carriage factories, rail rolling mills and ancillary factories for technical railway supplies were built, countless railway construction companies were founded . The

Steel construction firms had contracts worth billions for bridge construction; the gigantic station concourses in all major German cities were being built; the construction industry was flourishing; tunnel-building firms had work in abundance, and numerous ancillary factories sprang up to produce the necessary couplings, lighting and interior fittings for the carriages; indeed, it was this original entrepreneurial and creative spirit that succeeded in covering the whole of Germany with a railway network in the space of a few decades. Even the smallest German town was given its own railway station, and tracks from main or branch lines led to almost every village. More and more factories producing railway supplies were built; turnover figures showed an ever-increasing rise, which led German entrepreneurs to make ever-new investments, as if this were to continue indefinitely. After a few decades, however—this was around the turn of the century—Germany had reached saturation point and no longer needed any new railway lines. The substitute orders were in no way sufficient to keep the factories and businesses fully occupied. The superb quality of the locomotives, carriages and track network produced guaranteed a service life of 30, 40 or more years; the large fixed installations – the track beds, stations and station concourses, the management buildings, etc. – were built to last for centuries. Then, relatively quickly and abruptly, demand in

— but the world was vast and wide, and, driven by a bold entrepreneurial spirit, the German railway builders ventured onto the world market to drive forward industrialisation out there in the wider world and, first and foremost, to build railways. In doing so, however, they came into fierce conflict for the first time with the Anglo-American and French railway industries, which had followed exactly the same path of development and were now seeking markets for their products across the globe. After a gruelling struggle, the German railway industry also succeeded in securing vast sales territories and contracts, until, around the year 1914, the intensified efforts of the global railway industry—which had escalated in the competitive struggle to the point of complete nationalisation— at that historic moment of the outbreak of the World War, succeeded in encircling the entire globe with all its major and significant railway lines. All the major railways in Europe, America, Asia and Africa had been built, insofar as they were of global political interest in the latter continents.

This marked the culmination: the world was saturated with railways. The capacity and efficiency of all the works had been increased to colossal proportions, and had the World War not brought with it such massive wear and tear on rolling stock, and had the post-war period not necessitated a massive final order to replace the railway equipment destroyed during the war , then

there would have been a massive downturn even back then, as indeed occurred around 1925. There is no power on earth capable of halting this development.

What applies to the railways applies to almost all major technical investments and installations of the heyday of the technical age that lies behind us. During the same period — let us stick to Germany for the moment — almost all German cities, medium-sized towns and small towns, as well as the majority of rural communities, were supplied with water mains. These major installations in Germany, too, generated contracts worth billions for the German railway and construction

— Industry in its wake. Hundreds of thousands of kilometres of water mains, ranging from the largest to the smallest diameters, millions of joints and fittings, of junctions and branches, of water meters and taps had to be manufactured and installed. Huge contracts for the concrete and reinforced concrete industries were generated by the construction of thousands of storage facilities, water towers and water abstraction facilities. That too has now come to an end. A water main that does not remain in perfect working order for at least a hundred years has no right to exist. But given the capacity of the pipe and rolling mills, the construction companies and the installation firms, it would now be possible to supply the whole of Germany with water mains for a second time within a decade.

The same can be said of the installation of gasworks in all German cities. This development, too, took place within the same short period, essentially between 1860 and 1910. The massive expansion of the telegraph, telephone and postal networks provided a further powerful impetus. This went hand in hand with the motorisation of the entire German economy. Hundreds of thousands and millions of horsepower were replaced by steam, water and, finally, electricity. The youngest and proudest child of technology, electrical engineering, swept triumphantly through Germany at an even faster pace. It was fortunate that the expansion of the very large overhead power lines and major power stations took place in the post-war period, because in this way there was still work worth many billions to be carried out during the most difficult transitional period, just as there was for the railways. The mechanisation of agriculture and the clothing and food industries freed up a great deal of labour in favour of machinery. Ultimately, the productivity of German industry as a whole had increased so greatly in all sectors that there was no longer any demand large enough that could not have been met by the productive capacity of German industry. In the meantime, however, the infrastructure of the whole of Germany had been completed; in the wider world, too, the national industries of the industrialised countries had advanced to such an extent that every single order in distant foreign countries was the subject of the fiercest competitive struggles

had been introduced. Abroad, too, mechanisation had largely taken hold. Machines had largely replaced human labour, and those who had lost their jobs lacked the purchasing power to buy the remaining goods , and so, of their own accord, brought the machines to a standstill once more. The tremendous upswing of the technological age was bound, with inexorable logic, to be followed by a decline, indeed a crash. From a purely technical point of view, the global economic crisis is caused by the discrepancy between the capacity of global industry and the rapidly diminished absorptive capacity of the world market. One should not, however, believe that this is merely a temporary phenomenon that will give way to a new, tremendous technological upswing. The truly great technological challenges lie behind us. The conquest of the air is certainly still one last great technological challenge, but one that has, in principle, already been solved. One final, truly great challenge does, however, still lie ahead: the technically complete provision of heating for the population.

Anyone who has observed the major technical exhibitions of recent decades with open eyes must have noticed that, despite an endless array of technical refinements and details, the most recent technical fairs nevertheless displayed, in a sense, a weary, decadent air. Nothing truly great or new is being shown any more that would make the whole world sit up and take notice and give the entire world industry new impetus . Anyone who

If we recall the immense impression made when the first bicycle, the first motor car and the first electric motor were unveiled, and if we remember the revolutionary significance of the first steam turbine, the diesel engine, the first electric headlamp and the first large express train locomotive, we must admit that, by comparison, even the major sensations of recent years, radio and film, have been of far lesser significance by comparison. We must face up to this development. We must recognise that the great age of technology and industry is drawing to a close; that, like other great epochs of world history, it represents an impressive, unique phenomenon that will not be repeated, any more than the beauty-intoxicated art of ancient Greece, Rome's imperialist lust for power, or the mighty resurgence of the Renaissance—to name but a few great phenomena. The far-sighted statesman must prepare himself for the fact that industry will never again be able to employ the vast armies of industrial workers as the past age made possible. Certainly, there will still be an extraordinary amount of technical work to be done to ensure maintenance and the supply of spare parts to replace parts subject to wear and tear; certainly, many significant technical innovations, particularly in the fields of motoring and aviation, will provide employment; but let us be under no illusion that the emergence of new

transport options that go far beyond the previous ones Services will . Every tonne-kilometre and every passenger-kilometre currently carried by motor vehicle or aeroplane takes away the corresponding volume of traffic from the railways. The collapse of the entire German locomotive and wagon manufacturing industry, most recently that of the Borsig works, is, particularly in these sectors, far more a consequence of the technical reasons just outlined than a consequence of political mismanagement. No power on earth, no funding nor with bond proceeds nor with 'Federgeld', nor the takeover of the factories by the workforce, can revive industries and restore them to their former glory, for which there is simply no longer any demand. Mind you, no demand that could utilise the immense capacity of the factories and provide permanent work for the thousands once more. The few replacement facilities can barely utilise 10 per cent of the capacity of such factories.

What is certain is that this relatively sudden and almost abrupt collapse in demand could have been mitigated by generous state oversight, and that the devastating consequences of unemployment could have been partially offset had one proceeded according to the generous plans inaugurated by Adolf Hitler's population policy.

This population policy, which a return to agricultural life of the uprooted

urban population—one that does not indulge in romantic notions of small and peripheral settlements—requires a very generous re-agrarisation of Germany's young people. Certainly, the devastating role played by finance capital in this development of the technological age should not be underestimated; on the contrary, its full, cruel significance must be emphasised. The second of the curves shown in the aforementioned diagram provides us with a very illuminating insight into this: the interest and compound interest curve, which in turn is exemplary of the development of the distinctly loan-capitalist era. Mathematically, the curve shown is a quadratic curve, i.e. $x = y^2$, which, after a very slow initial rise, soon climbs ever more steeply, eventually approaching infinity.

I shall repeat the example of the pfennig which is said to have been invested at interest and compound interest since the birth of Christ, so that every 15 years the original capital is said to have doubled. Today, this pfennig, invested at interest and compound interest, would have grown to a value which our entire globe, made of pure gold, would not even come close to covering. Only if all the planets and the Sun were made of pure gold twenty times over would they roughly correspond to the value of this pfennig, which has been invested at interest and compound interest since the birth of Christ.

From this one can see the fantastical utopia of the interest-based economy at . Theoretically it can be This curve

is easy to plot and calculate, but in practice interest is always tied to labour; thus, interest income can never exceed the output of labour. The yield curve shows, in a sense, how insidiously and treacherously a false, anti-economic principle has taken hold; how it initially lagged far behind the profitability of industry, slowly and inconspicuously; how, in the early years of technical development, loan capital was content with a modest rate of interest, whilst industry expressed its high profitability in the form of enormous dividend yields, which increasingly whetted the appetite of financial capital.

Now the lending capital of the economy was virtually forcing its capital upon the economy; ever new investments were being financed; the anonymisation of the economy was making ever greater inroads; personal initiative and entrepreneurial spirit were being increasingly sidelined; and in place of the great economic leaders of the rising era were replaced by the chief executives, chairmen of supervisory boards, and so on. Companies became dividend factories in place centres for meeting demand. With eyes gleaming with greed, international high finance fuelled this frenzied activity in the hope of thereby seizing the proceeds of all labour for itself. Ultimately, the interest rate curve, so to speak, pierced the curve of the economic output of the entire technical-industrial economy. Through corruption of

public life, attempts were made to force the economic power of technology entirely into the service of finance. In a frenzied whirlwind, the greed for profit of high finance rose, as it were, like a waterspout above the world's production; but just as a waterspout has no internal stability, no internal structure, and just as the so-called signs of compression very soon become apparent in it, so too has this series of crisis-like phenomena been evident for years now in the realm of high finance. We are faced with the fact that the global financial system is gripped by a massive crisis, the crisis of the capitalist era, a crisis that unfolds with relentless logic and also the industries, the the financial suppor t into the abyss.

Here is the historical task of the National Socialism , by a break of interest-based servitude and the restructuring of the global capitalist system, to chart new paths for the financing of major public projects and for the implementation of a generous job-creation programme for the transitional period, with a view to subsequently preparing, within a long-term economic—technical programme designed for the long term, to prepare for the re-agrarisation of our people, so that within one ly to two decades our entire people may, at a higher level of civilisation and culture, grow back into a more peaceful era, characterised by a bond with the land and love of country.

Gold standard?

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One of the most deeply ingrained prejudices is the belief that gold is, as it were, a universally valid measure of value which — much like the metre for measuring lengths — is suitable for measuring values. For this reason, it has also been believed that the currencies of individual countries must be set in a specific ratio to a specific quantity of gold, in order thereby to be able to establish a relatively reliable measurement of the value of individual goods in their exchange ratios.

We are dealing here with one of the most dangerous fallacies, which is also extraordinarily harmful due to its extremely widespread nature. Above all, one must be thoroughly clear about one thing: values cannot be measured, but only assessed. The very term ‘measure of value’ is therefore a contradiction in terms. Wherever subjective, personal factors come into play – wherever supply and demand, scarcity and abundance, rarity and age, durability and rapid perishability are at play – there can be no question of precise measurement as we know it in the natural sciences.

The fact that our materialistic, technologically advanced world believes it can measure values, and believes it can use gold, so to speak, as a yardstick, is by no means

proof of the correctness or even the mere possibility of such an approach. Gold is, first and foremost, a commodity – and, as a precious metal, a valuable commodity – whose consistent quality makes it particularly suitable for hoarding, whose special desirability makes it particularly suitable for functioning as a medium of exchange, and as the 'most coveted commodity', it was certainly well-suited to this role in earlier times.

However, gold is also a monetary metal, and as a monetary metal it acquires the peculiar dual character of being both money and a commodity.

Money as a social function, money as a 'representation of work performed', is undoubtedly independent of the intrinsic commodity value of the monetary symbols. Historically speaking, cowrie shells, packets of tea, male and female slaves, livestock, silver and banknotes have undoubtedly served the same purpose as gold coins; and in the modern, highly developed economy, money has ultimately become completely detached from its physical substrate and serves the economy as book money or in the form of cashless payment settlements in exactly the same way as gold.

The pegging of the currency unit to gold now proves to be an unprecedented obstacle to the indispensable expansion of credit required to create jobs. But pegging the currency unit to gold as a measure of value is also, as the past few months have taught us, a form of self-deception on the part of a national economy that worships the gold mania.

What the gold standard was intended to achieve has not been achieved and cannot be achieved, as the history of recent years alone proves. The price of gold has risen by around 70 per cent over the last few years, whilst the prices of the commodities that are supposedly measured against gold have fallen by 30, 40, 50 per cent or more. It is important to recognise right here that there is no question of a uniform price movement, even though gold is supposedly supposed to possess the magical power to provide a uniform measure for all other values. One must finally realise that, in the realm of values and goods, there is no absolute, but only a relative.

One can only measure objects precisely within the realm of the exact sciences. One can measure the size of a table or a house precisely. One can measure the weight of any object accurately in kilograms or grams, in pounds or ounces, units of measurement which, in turn, have a very precise conversion ratio to one another. One can measure the electrical energy consumed very precisely in kilowatt-hours, and the power of a machine very precisely in metre-kilograms and horsepower. But who is able to state exactly the value of an item of clothing, a meal, a sip of water, a remedy, a political achievement, and so on? In what fixed ratio should the value of agricultural production with the value of the

Products of trade, craftsmanship and industry? The assessment and exchange ratio of all these values depend on so many personal, human and subjective factors that an exact, universally valid valuation is impossible. One must take into account quantity and quality, time and circumstances, the plight of the person forced into a sale, the interest or desire of the person determined to buy, the buyer's financial means—whether substantial or modest—as well as countless factors of a speculative nature. All these considerations show that the so-called monetary unit serves merely as a denominator set by the state, but that these fixed measures are by no means suitable. Otherwise, it would surely have to be prohibited, for example, for goods to be sold off at auction using the supposed state standard; for natural inflation to occur in the event of a natural shortage; or for the population, in the event of an artificial shortage caused by profiteering and usury, to suddenly have to spend far more units of value in order to purchase the same goods.

Certainly, it can and must be demanded that prices do not fluctuate arbitrarily all the time. But all those fanatics who advocate an absolutely constant purchasing power of the currency unit, and who always see the guarantee for this solely in the gold standard, are always enthusiastic and gladly accept it when certain goods become cheaper according to the 'gold standard'. Goods may well become cheaper ;

gold-standard fanatics are only too happy to do so. However, they fail to realise that in doing so, they have themselves dethroned gold as their measure of value.

The relativity of the gold standard is perhaps even more apparent when one considers the following. One might say: 10 gold units (whether marks, schillings, francs or guilders is irrelevant here) enabled the purchase of 10 Ztr. of wheat in 1928, only 8 Ztr. in 1929, but 12 Ztr. in 1930; and, conversely, with exactly the same justification, one might say: For one tonne of wheat, the farmer received 30 gold units in the first year, 24 gold units the following year and 36 gold units in the third year; this proves that the relationship between the value of gold and wheat is highly elastic, and that the belief that gold can be used to measure values or prices is therefore completely misguided.

From a national economic perspective, it should seem more important and valuable to the future statesman to always have a certain quantity of bread grain available to feed his people than to have a certain quantity of gold as the basis of the currency. Gold is not a monetary basis; it is not a measure of value. Gold is a commodity like a thousand others, whose value in relation to other goods fluctuates just as much and is just as relative as that of any other good. Price fluctuations in goods depend on factors and reasons entirely different from a currency's gold backing.

The falling prices of shoes and clothes, radio sets and so on depend on technical advances. Whether apples and cherries become cheaper depends on the bounty of nature, but not on how much gold lies in the vaults of the Reichsbank. The price at which we import cotton, wool, copper and iron ore from abroad, in turn, does not depend on how much gold there is in the world or on the exchange rates of different countries' currencies against the dollar, but rather on production levels in the relevant raw material-producing countries and demand in the industrialised consumer nations; it may depend on the machinations of high finance on the cottonand metals exchanges, and may depend on the invention of substitutes, etc.

So where, then, is gold as a 'measure of value' in the face of the global collapse in commodity prices? Where is gold, the 'measure of value', when it comes to assessing government policy achievements or ingenious inventions? Was gold necessary as a standard of value when the Rentenmark was introduced? No! Without any gold backing, the Rentenmark was recognised not only at home but also abroad as a sound currency, fully valued and stable.

Is France today spared from rising unemployment thanks to its immense gold reserves? Have the vast quantities of gold piled up in American banks prevented that the

Unemployment in America has reached staggering proportions and commodity prices have collapsed catastrophically?

For the people's livelihood, the availability of food, clothing, housing, the willingness to work and the joy of work is infinitely more important than even the largest hoard of gold.

The relative value of goods in trade can never be fixed; otherwise, the terms 'cheap' and 'expensive', 'good value' and 'reasonable' would lose their meaning. On the one hand, the incentive to reduce production costs would even disappear if prices were fixed by the state; on the other hand, a state-fixed price structure would inevitably collapse in times of hardship caused by crop failure and hailstorms. The most that can be achieved through state manipulation of the currency is a relatively stable average cost of living. Pegging the currency to gold is entirely unsuitable for this purpose; it merely leads to an extremely dangerous shortage of means of payment and, in essence, serves exclusively the interests of gold owners and high finance. For a National Socialist state, breaking away from the gold standard is a prerequisite and a matter of course for the reconstruction of the German economy.

In trade with other countries, the quality and superiority of German manufactured goods are infinitely more important than the gold standard for the ability to obtain the

obtain the necessary raw materials from abroad, which in turn also has an interest in exchanging its surplus raw materials for manufactured goods that it cannot produce itself.

Gold is not the world's currency. The world's currency was, is and always will be commodities. Jewish thinking has placed gold at the centre. The pegging of currencies to gold has made the peoples of the Western cultural sphere subject to interest and tribute payments to finance capital. Breaking free from the bondage of interest would be impossible without breaking away from gold.

The necessity of gold backing is a misconception. The view that gold is suitable as a measure of value is fundamentally flawed.

Breaking away from the gold standard is a prerequisite for a healthy economy in the Third Reich, in which labour must once again be given priority over money, in a state that prioritises the welfare of the population over the profits of the bankers.

Job Creation

First published in the ‘Deutsche Wochenschau’ in 1932

‘Every nation determines its own
its own fate: freedom or
slavery.”

Apart from political enslavement, the most dreadful fate that can befall a people is when millions of their fellow citizens can no longer find work. Work is the ultimate and highest purpose in life for the creative Nordic people. Unemployment is spiritual death. As a social and economic problem, unemployment means the downfall and impoverishment of the entire nation; it means the complete erosion of a people’s economic strength; and it harbours within it the seeds of dangerous revolts which must ultimately lead to the dissolution of the entire state.

Whereas in earlier times the state did not take responsibility for fellow citizens who had become temporarily or even long-term unemployed not but these
‘poor’ onto public charity and private or municipal social welfare, so that today the care of the unemployed has become a problem of the utmost importance in terms of social, political and economic policy.

Around a third of the total German population (!) must now be supported by public funds. Around 6

million people who are fully unemployed – that is to say, including women and children, and taking into account those members of the commercial and industrial middle class who have become unemployed and are receiving unemployment benefit, a total of around 20 million Germans – are without work. Through the most extreme fiscal plundering of the German population still in work, through severe encroachments on their assets, and through ever-increasing indebtedness, attempts have been made to keep these unfortunate people afloat on unemployment benefits at a pitiful subsistence level, which—due to the ever-increasing financial distress of the Reich, the Länder and the local authorities—has long since fallen below the level at which even the most basic necessities of life are tolerable for German people.

Essentially, previous governments have failed due to their inability to solve the problem of unemployment. The question of job creation is becoming the central issue for any national government, and it will be so particularly for us National Socialists, who have confronted the governments of the last thirteen years with the sharpest opposition and the sharpest criticism. There must be no doubt amongst us that future history will base its judgement of National Socialism on how National Socialism has resolved this issue.

However, tackling unemployment is by no means merely a question of creating jobs in purely material terms through

whatever technical means. It is an immensely wide-ranging task for the state, which is just as much a matter of trade policy, global economic relations as it is one of a domestic political, economic and technical nature; in its entirety, it also has a profound impact on the structural changes within our economy; and it is no less a task of a financial nature, for without resolving the question of how to finance job creation, it is impossible to stimulate the economy as a whole. Job creation therefore requires an understanding of the main causes that have led to the current situation. These are, in detail:

1. The causes relating to foreign policy

These include the consequences of the Treaty of Versailles, the draining of German national wealth by the Entente, and the resulting depletion of the German economy.

2. Causes relating to foreign trade policy

The liberalist–global economic mindset allowed the main emphasis to be placed on conquering foreign markets, whilst neglecting the German domestic market, leading to the simultaneous atrophy of Germany's food and raw materials base. Linked to this was the senseless and haphazard import of foodstuffs that could have been produced within the country , , and , as well as finished manufactured goods, which

could have been manufactured in Germany itself to at least the same standard.

3. Domestic political reasons.

These reasons are:

a) Fiscal reasons. Without regard for the ever-shrinking production base, ever more taxes were levied to fund an excessively bloated administrative apparatus; ever new types of tax were created, tax rates were raised repeatedly, whilst total tax revenue declined.

b) The nation's debt, both in the public sector and in the economy in urban and rural areas, which ultimately amounted to a total debt of 95 billion gold marks as at 1 January 1932, laid bare in the most appalling manner the reality of Germany's bondage to interest payments.

c) Signs of corruption and decay, tax evasion and capital flight

4. The fact that we find ourselves at the close of the 'technical age'

It is precisely this last reason that is of extraordinary significance. A whole series of large-scale, important and comprehensive technical infrastructure projects has been completed, such as the railway network, the postal network, the construction of power stations for lighting and power, water mains, gasworks, trams etc., whilst the

efficiency of the German technical production apparatus (the capacity) has increased to such an extent through nationalisation, technical innovations, etc., that the ongoing replacement work and subsequent deliveries required can utilise only a negligible fraction of the existing output.

If we fail to provide industry with fresh, major technical impetus during a transitional period (which is possible), it will not be possible to reintegrate all the unemployed into the production process on a permanent basis, even with the most intensive job-creation schemes in the fields of land reclamation, the home ownership movement, road construction, etc.

5. The interest-based capitalist system

This system is, by its very nature, incapable of eliminating unemployment, for it is precisely this system, with its insane economy of bonds and interest, that has been the main contributor to the depletion of Germany's economic strength.

The extraordinary diversity of the causes of unemployment naturally also requires a wide range of job-creation measures, and these must be organically coordinated under central leadership; they must be of an economic, commercial and financial nature, whilst at the same time being integrated into the overall framework of what National Socialist financial and economic policy must ultimately achieve

German State of Labour and Achievement.

None of the measures to be taken may therefore lie outside the broad framework of the fundamental objectives of National Socialist economic policy. Each individual measure must already be put in place at the right point within the overall picture. In this context, the sequence and timing of the individual measures will also be of particular importance. Certain measures must be tackled immediately, simultaneously ly and throughout Germany; others will have to be spread over years and decades; and certain major specialised tasks will only be able to be undertaken after appropriate technical preparation; yet other measures will be of a more psychological and political nature and will need to create the conditions for an organic economy and for a certain shift in mindset towards favouring German-made goods, food and drink over foreign ones.

It is also of particular importance to recognise that a whole range of economic tasks must be transferred to state control (socialised), that a number of economic and technical measures will naturally evolve from the private sector into the process of nationalisation, such as the supply of light, power and heat to the population; the recognition that the National Socialist state has the duty to ensure that

German state must ensure bread for the German working population, and, above all, that the monetary and credit systems must be placed entirely under state supervision.

If one considers the job-creation measures in detail, the following must be regarded as the supreme law in the field of trade policy: agricultural produce and manufactured goods which can be grown or produced in sufficient quantities in Germany itself must not be sourced from abroad.

This categorical objective by no means implies that National Socialism intends to stubbornly isolate itself from the rest of the global economy. Even a National Socialist state could not do so, since, above all, a number of raw materials must under all circumstances be sourced from abroad, whilst, conversely, the German export industry, for its part, can rightly demand that the world market not be blocked by the counter-measures to be expected in response to a rigid autarky movement.

In the foodstuffs sector, imports in 1928 amounted to (this year has been chosen as it was a year in which international trade was still generally healthy, whereas the figures from the disastrous years of 1930 and 1931 do not provide a true reflection of the actual circumstances): 4.5 billion gold marks, a sum a quarter of which

could have provided extensive assistance to German agriculture.

The toleration of wheat imports amounting to 561 million gold marks at a time when agriculture in the East was collapsing because it could not sell its rye, or could only do so at insufficient prices; the fact that no less than 755 million gold marks went abroad for fruit and vegetables, whilst German fruit and vegetable cultivation was brought to a standstill, and the further fact that 951 million gold marks (!) were sent abroad for dairy products and eggs, whilst the plight of German livestock and poultry farmers grew ever worse, prove that a downright insane economic system, hostile to the national economy, prevailed. According to the unanimous view of the most eminent agricultural experts, there is no doubt that, through the intensification of German agriculture in conjunction with extensive land reclamation works, the drainage of moors, large-scale vegetable cultivation and greenhouse facilities, and rational poultry farming, almost the entire German demand for food could be met within the country within a few years.

The import of tropical fruits could, of course, be halted immediately. However, when taking measures in this direction, consideration must be given to which countries importing tropical fruits are particularly suitable as buyers of German industrial goods. The same applies to the import of tobacco.

It must be regarded as a particularly serious scandal that, in 1928, imports of manufactured goods reached the enormous sum of 2,459 million gold marks. Our highly developed textile industry certainly renders the import of foreign yarns, artificial silk, clothing, linen, etc. superfluous; these imports amounted to a total of 863 million gold marks left hundreds of thousands German textile workers; the same applies to imports of foreign, particularly Czech, footwear, furs, motor vehicles and watches.

The import of ironmongery into Germany to the value of 338 million (!) seems like something out of a madhouse, and the fact that 148 million (!) worth of dyes and finished chemical products were imported is only possible if the state imposes no restrictions whatsoever on the unrestricted purchase of perfumes, lipsticks, powder, pharmaceutical products, etc. is not subject to any restrictions imposed by the state.

The situation is different when it comes to the import of raw materials and finished goods which our German soil is unable to provide, or cannot provide in sufficient quantities. These must, of course, be imported, foremost among them the raw materials for the textile industry: cotton and wool at around 1.5 billion, oilseeds and oilcake at 954 million, mineral oils at 247 million, rubber at 113 million, iron ore at 243 million, copper at 376 million, hides at 324 million, furs at 235 million, silk at 145 million, bran, timber, coal and tobacco.

This vast volume of raw materials, which reached 7,243 million gold marks in 1928, readily opens up opportunities for German exports in the fields of manufactured goods, textiles, leather goods, furs, furniture, paper, paints, chemicals, porcelain, glass and, above all, ironware – which accounted for 1,629 million – and machinery – which accounted for 1,600 million in our foreign trade balance in 1928 – opens up ample export opportunities.

It must therefore be relegated to the realm of unsubstantiated talk , if one speaks of the National Socialist self-sufficiency efforts are expected to harm German exports. It goes without saying that German exports of goods essential to Germany's survival – namely wheat (59 million), oats (63 million) and flour (35 million) – must cease. It also goes without saying that we will be required to export fur products, hard coal (472 million), coke, sulphuric acid ammonia, chemical products and potash.

It is clear from the brief remarks and the figures provided that the National Socialist policy of self-sufficiency, which is moderate in every respect, need not in any way jeopardise German export interests, whilst the rejection of all unnecessary imports constitutes one of the most important foundations for the indirect creation of employment. One can calculate, that on average 2,000 marks

of imports, a German working-class family becomes unemployed. Assuming around 6 billion in unnecessary imports of food and manufactured goods in 1928, this means that, had imports of this magnitude not taken place and consumption in Germany remained at the same level, around 3 million (!) German working-class families would have had work and bread.

The measures to be taken here need by no means be implemented in a forceful or confrontational manner. Import restrictions, import bans, and the suspension or termination of trade agreements seem to me to be entirely inappropriate means in this context, unless political objectives in a specific case require them. By far the greatest emphasis must be placed on education. German women will have to set an exemplary lead in rejecting foreign goods, as well as foodstuffs
and luxury goods. On a positive note, state funding must be provided to promote the cultivation of greenhouse crops. Special care must be given to agriculture, horticulture and deep-sea fishing. We must prevent a situation where, whilst almost the entire deep-sea fishing fleet is laid up, fish is transported by lorry from Denmark all the way to Berlin, Magdeburg and Halle.

A very powerful tool and aid in streamlining our foreign trade relations will be the establishment of a foreign exchange centre which allocates foreign exchange solely for the import of essential goods, whilst it such for the import of

undesirable goods. The establishment of a state foreign trade agency seems to me to be essential, so that this agency can carry out a thorough review of trade relations with non-German countries in accordance with the criteria outlined above.

Measures in the field of trade policy must be matched by corresponding measures within the country itself. I would like to consider the most important of these individually.

6. Redirection of the property tax

The reallocation of the property tax should be regarded as a measure that can take effect immediately and targets a particularly effective area. The scheme is designed such that those liable for property tax will have 50 per cent or more of their property tax waived if they use the waived amounts to carry out repair work on their own buildings and submit evidence of this for official verification. According to the model example calculated by the Engineering Department for Baden – under the guidance of the local Gau technical adviser, Professor Dr Ing. Karl Flügel of the Technical University of Karlsruhe – 11,500 men can be accommodated in this way in Baden alone. When extrapolated to the whole Reich, this amounts to around 300,000 construction tradespeople and labourers who could be put back to work.

It is important to note that, with this measure in particular, the so-called ‘second man’ will very soon reintegrate into the

economy. For once the construction industry — the most important key sector — is up and running, the usual commercial enterprises, as well as suppliers of cement, lime, bricks, iron, wire, nails, door fittings, lightning conductors and installation contractors, etc., will soon receive orders again.

Specific issues concerning the treatment of foreign-owned property, metropolitan residential areas due for demolition or where demolition is desired, exemptions for houses in good condition and similar matters are reserved for regulation by Reich legislation.

7. Settlement and the Home-Ownership Movement

The longing of the urban population for a home of their own – so clearly expressed in the often truly touching care they take of their small domestic gardens – and the National Socialist German Workers' Party's generous population policy geared towards the East open up yet another vast field of opportunity for job creation through the construction of homes and housing estates.

In principle, however, a distinction must be made here between settlement on the outskirts of towns and rural settlement. Whilst agricultural settlement sites must serve to boost our production for reasons of national and production policy, settlement on the outskirts of towns can only be advocated and called for insofar as it involves fellow citizens who themselves for the construction of their own homes funds

who are still in employment or who can look forward with certainty to reintegration into the workforce in the city.

The decongestion of our major cities would be achieved most simply and effectively through this promotion of home ownership. This support also ensures that the vast majority of the less well-off population can acquire the most essential asset a person needs: their own home on their own land. Furthermore, the construction of owner-occupied homes would have a revitalising effect on the entire building industry, just as the reallocation of the property tax has done.

Through comprehensive agricultural reform, the yield of our agriculture can be increased by one-sixth, i.e. by 1.5–2 billion marks a year. At the same time, this would greatly strengthen a large part of our agricultural sector. Furthermore, this could provide employment for some 500,000 men over a period of 10 years.

8. Road construction

Road construction is a vast field which can also be tackled immediately at thousands of sites. The German road network comprises approximately
220,000 kilometres, whilst the German railway network has an operational length of only around 60,000 kilometres.

Country road construction is the technical field which, right at the start of a job-creation scheme, can employ around 500,000 unemployed people across the

whole of Germany. The visibility of the work, which begins immediately, is particularly valuable (Mussolini).

The annual budget for a rural road construction programme can be set at 1 billion marks. (The scale of the expansion programme was increased in 1928 and 1929.) This would enable to be accommodated : Around 4—
500,000 seasonal workers, of whom around 300,000 would be employed almost year-round beyond the season, some of whom would be employed in neighbouring industries.

A construction programme for the expansion of the existing road network is limited. With a sum of 5—
6 billion marks spread over 5–6 years, the current German road network can be brought up to a sustainable standard. Incidentally, the construction of major new roads (purely for motor vehicle through-traffic) is not yet included in such a programme. The necessary works also include the construction of so-called agricultural access roads of an adequate standard, which are still lacking in certain regions of Germany to an extent that severely hampers agriculture.

The improvement of the existing road network is less suited to the envisaged compulsory labour service, as a large number of small-scale construction sites, operating on a short-term basis and spread across the whole of Germany, would need to be set up. Compulsory labour service is reserved for work where

the construction of entirely new road structures is involved (e.g. bypasses).

From a technical perspective, more rigorous supervision must be introduced. The authorities must be provided with uniform guidelines. Research institutes must be freed from their ties to industry and staffed impartially. The lack of uniformity in road administration, the extensive in-house operations run by the administrative authorities, and unscrupulous practices within the supply industry must be eliminated by a suitable supervisory body.

The aim should be for the costs of maintaining the completed roads to be met from motor vehicle tax revenue once construction is complete.

9. Hydropower, stepped river development and the hydrogen economy

A field of activity offering job-creation opportunities that are as yet impossible to fully assess arises in the three areas of hydropower utilisation, regulated river engineering and the hydrogen economy.

Flood protection requires the construction of embankments along rivers and watercourses. Until now, harnessing Germany's major rivers for power generation was considered technically impossible due to the insufficient gradients. Through the so-called 'staggered flow' system, which utilises the existing flood defences and divides them into sections at intervals of 5–10 kilometres using transverse dams, a system of elongated lakes is created , which

allow for excellent water management for the generation of peak electricity. Thanks to the Lawaczek converters, these slight gradients can be utilised to the full technically; the major rivers become navigable far upstream with a consistent draught in both summer and winter, whilst floodwaters are safely discharged over the dam crests by means of suction lifts. In this way, 8 million kW (around 10 million PS) can be generated in Germany, providing the basis for a decentralised supply of power, light and heat.

Of particular importance is the possibility of achieving and maintaininga consistent groundwater level, and the ability to ensure the necessary drainage in all river systems, which in turn is a prerequisite for technically sound peatland cultivation and drainage works. Here, too, these are works that are being undertaken simultaneously along all river courses across almost the whole of Germany, yet are spread over many years, indeed even decades. The funds required for these construction projects are to be drawn, initially only, from the resources of the Bau und Wirtschaftsbank through productive credit creation; for very soon — given that there are hundreds and thousands of small hydroelectric power stations forming a self-contained whole — the revenues from these decentralised hydroelectric power stations will enable the further expansion of the remaining stages to be financed from the surpluses

of the initially constructed plants. The possibilities offered by the conversion of surplus electricity into hydrogen and oxygen (according to Dr Lawaczeck's plans, via pressure electrolysis) are mentioned here merely for the sake of completeness. The implementation of a nationwide hydrogen supply system will provide work for decades to come, both for heavy industry—through the supply of hundreds of thousands of kilometres of pipework—and for installation contractors, furnace and burner manufacturers.

10. Canal construction

Canal construction projects will link the various river systems together. The expansion of the Mittelland Canal and, above all, the Hansa Canal will provide work for tens of thousands of unemployed people for years to come.

11. Major individual projects

The Hansa Canal mentioned above will form the backbone of a far-reaching policy for the eastern regions. It is not widely known that, due to the lack of a waterway link from the Ruhr region to the Baltic Sea basin, German Ruhr coal cannot compete with English coal in the Baltic Sea region (Stettin, Danzig, Königsberg). A direct waterway from the Ruhr region via Bremen and Hamburg to Lübeck would, in one fell swoop, restore the competitiveness of German coal against English coal and would provide a steady source of employment for tens of thousands of German workers in the coal mines of the

The Ruhr region was back in operation; at the same time, this improved Germany's trade balance.

The reclamation of Old North Frisia and the land reclamation of the Jade Bay are two specific projects of immense scale, which will make it possible to reclaim new land equivalent in size to the Grand Duchy of Hesse (12, ,000
square kilometres) could be reclaimed simply by constructing reinforced concrete dams; until the land is fully reclaimed after several decades, the tides could be harnessed to generate power.

The implementation of such specialised projects will, of course, result in exceptionally large contracts for the German cement and iron industries, as well as for turbine and generator manufacturers.

12. Expansion of our Wehrmacht

The expansion of our Wehrmacht must not be overlooked as a driver for creating employment for hundreds of thousands; we will not allow any discussion regarding the economic viability of building new armoured cruisers. If, in the context of today's commercial economy, a supply of rails is readily regarded—via the exchange of goods—as a basis of cover for the issue of new Reichsbank notes, then we shall all the more regard the supply of armour plating for the construction of an armoured cruiser as a monetary basis in the highest sense.

‘National’ Economy

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Today, at our German universities, we do not have
not to pursue ‘uncompromising’ science, but, as Germans, to think and conduct research for our people, to shape our minds and wills in the German spirit, so that we may serve our people as leaders.

If our poor people, led astray by a foreign mindset, have fallen into the most dreadful political and economic bondage and wish to become free again — and what German would not wish for this with all their heart! — then it is precisely the task of academic circles to familiarise themselves with the political and economic conditions in which we live today.

Yet it is precisely the German people, who are, in their entirety, composed of sheer extremes, who are both specialists and dreamers, brooding and pondering on the one hand, and storming boundlessly into the future on the other; historically— pedantic and philosophical— living contentedly within a narrow circle of speculation, yet at the same time wandering into the infinite and heroically serving an idea — ill-suited to taking the matters of the present seriously and integrating them into the overall picture of the world. Thus the German researches tirelessly; he is a specialist in his field and achieves excellence therein — yet again

he gladly sacrifices life and limb for the fatherland when it calls —, but strangely enough, the fatherland must always call to him; that sense of enduring connection with his people, which lies dormant in everyday German life, in the German daily routine of work and research – here, the constant, vibrant interplay between national identity and the individual is lacking. And yet — 'The fatherland calls every day!', as Ludendorff recently told a delegation from patriotic organisations.

This call of the fatherland must be alive and alert, particularly amongst our student youth; they must not regard scholarship as an end in itself, nor view it solely from the perspective of earning a living, but the thought of the people and the homeland must always be present; their reflections whilst studying must always be extended to the supra-personal. It is precisely the teachers and students of our universities who must never lose sight of the welfare of the people. Only from such a state of mind will our universities produce the leaders capable of guiding our people out of shame, hardship and servitude into a better future.

The scent of the native soil must permeate the lecture theatres of the universities; the entire living organism of the people's life and work must be vividly apparent above all scientific research; only in this way will the nation's intellectual elite once again find the connection with the people that has been lost.

One branch of science, however, has lost this connection with the people to a particularly marked degree; this deficiency is all the more striking in that the field of this branch of science deals precisely with the matters of the people's daily life — political economy.

The future students and teachers of this discipline translate the foreign term as 'economics', although it would be far more accurate to translate it as 'national economy'. Admittedly, what is contained in the thick textbooks on national economics has very little to do with the people and their economy, their needs and hardships. Dry abstractions and definitions of economic matters, along with an endless amount of historical baggage, fill these works — though this is by no means intended to deny their 'scientific' nature —, but nowhere does one sense the living breath of the people's lives and labour; nowhere are considerations made as to whether what has been deduced from economic phenomena is actually correct and, above all, serves the common good. Even less has any attempt been made from an economic perspective to build creatively upon the insights gained, to chart new paths, to reveal the fundamental flaws prevailing in our economy, and to show how these might be avoided,

Thus, it is precisely in the very area that would make an economy valuable to the general public that official

economic science fails completely. It is therefore not without reason that men who have been, and continue to be, pioneering in a practical and creative capacity as economic leaders and thinkers raise the question of whether economics deserves the honourable title of a science at all.

Neither the work of the chronicler, who reports on past economic conditions, nor that of the journalist, who records descriptions of the present situation, justifies the claim to be representatives of a science.

Economics will only become a true science when it has established broad principles based on the observed conditions of the contemporary economy in conjunction with the researched circumstances of the past, when it has critically examined and analysed these circumstances to identify the driving forces, and when it has thereby recognised what mistakes have been made and, above all, what abuses have been committed. It must consider all this from the sole possible perspective that economic phenomena serve the common good — and not merely the private enrichment of individuals.

But that is not all: economics must also explain how the economy as a whole must be structured so that it can best fulfil its task — that of meeting the diverse needs of a nation bound together by history, destiny, and blood

— as effectively as possible.

Only when political economy is able to provide answers to the three great questions—which must be posed in grand style whenever contemporary issues are addressed—can it be recognised as a fully-fledged science, one that is called upon to lead and to train leaders. These three questions are: What is the situation? How did it come about? What now?

It would be tempting to pose this threefold question right here with regard to the overall direction of contemporary economic science. That is to say, to raise the question: Whom does this current state of political economy serve? Who are the individuals who primarily act as teachers in this field? And does this state not serve the current ruling economic powers exceptionally well?

Although we have, as a matter of principle and from the outset, adopted a purely German standpoint, we do not wish to go into these matters in detail here; rather, we shall examine the fundamental direction of our national economy purely objectively, solely from the perspective of whether the current structure of the economy serves, or can serve, the common good.

The task of the national economy is to meet needs.

At first glance, it may seem downright paradoxical that this self-evident fact should be specifically designated as the task of the national economy. It would never occur to a person with a natural sense of things that

the entire economy could have been geared towards a completely different fundamental objective today, namely — profitability. And yet it is precisely this fundamental characteristic of our entire economy that defines economic management today.

It is not compelling economic necessities that primarily determine production — but profitability. This is the natural consequence of the fact that, today, it is no longer the welfare of the whole that is decisive, but the interests of big capital. Whatever is still being undertaken today in the various sectors of the economy is not done with a view to meeting urgent needs, but primarily with a view to whether the funds invested in such an enterprise will yield a substantial return. Big finance bases its decisions solely on the expected profitability.— Whether these returns flow from a productive enterprise, a cinema business, a wholly unproductive credit institution, or from ventures that are downright contrary to the interests of the community as a whole — such as the syndicates and trusts that amount to economic usury, deriving their huge profits from the artificial scarcity of food— and consumer goods — is of no concern whatsoever to those who wield financial power.

Nothing illustrates this economically devastating fact more clearly than a look at the immense development of the

economically utterly unproductive banking sector — whilst at the same time the people are starving and the most dreadful economic crises are bringing the healthy, productive economy almost to a standstill.

In the German Middle Ages, craftsmanship, architecture, sculpture and painting reached heights that have never been equalled since; even today we stand in awe before the monuments of that era — St Stephen's Cathedral and Cologne Cathedral, Nuremberg's art treasures teach us this — the citizens of the imperial cities were free and proud —, but money-lending was a dishonest trade entrusted to the Jews. Today, the craft trades lie completely in ruins, it has had to make way for the crassest kitsch of the Machine Age; art and science are driven by the pursuit of bread and have become unfaithful to their most sacred task of creating works of genius independent of the utilitarianism of purely economic activity; the de-divinisation and materialisation of humanity is making rapid progress, yet the banks are flourishing and springing up from the ground like mould after a warm rain.

Today, the money trade has become an end in itself, focused solely on the profitability of loan capital. The economic purpose of credit has been turned on its head. The honest banking and money-brokering trade, which had been tasked with the important duty of lending savings to trustworthy hands, where greater economic efficiency through

The notion that an increase in monetary resources would lead to higher production and the satisfaction of demand has completely disappeared. It has been replaced by the vast network of major banks, which today dominate the economy in such a dictatorial manner that it depends solely on them to determine which industries can and are allowed to operate. Small-scale trade has long since been impoverished and eliminated as a significant factor in the national economy; medium-sized enterprises are entirely dependent on the banks; and even large-scale industry, operating in the purely high-interest capitalist form of the public limited company, works first and foremost solely to service bank interest payments. There is no longer a single large enterprise in which a representative of a major bank does not hold a key position on the supervisory board, nor a joint-stock company whose intrinsic value is not exposed to the stock market in the form of shares.

It is not labour, nor the creative power of the mind and of the hands that determines the course of the economy today; money — this means of producing goods — is no longer the servant of the economy, but its master; it is no longer the master craftsman and journeyman, nor the engineer and factory owner, who reap the rewards of their organisational and technical labour — but, through

— and without lifting a finger, the shareholder and the supervisory board skim off the profits today. The shareholder, who as a rule or even does not know, in which businesses actually his money

‘operates’ by buying up shares indiscriminately, either based on the stock market list or on the recommendation of his banker.

Borrowed capital follows only one law — the law of interest. Profitability is the sole and supreme principle. Meeting people’s needs is only of the utmost secondary importance, and is only relevant insofar as this very innermost necessity and task of the national economy is the driving force and the creator and generator of surplus value, which is then pumped out of the economic body of the productive peoples with the irresistible force of a suction pump into the unfathomable maw of the supranational financial powers. The greater the hunger, the greater the hardship, the greater the profitability of global usurious capital, the greater
— the interest rate. The more fruit the soil yields, the better the general and public welfare, the greater the return on labour for the economic body itself — the lesser the need for borrowed money, i.e. for incurring debt — the lower the rate of interest.

Thus, today, two economic systems stand opposed to one another as fundamental and implacable enemies — the interest-capitalist economy — and the healthy and natural interest-free economy based on meeting needs.

We must also briefly mention a third economic system here, one which has revealed its destructive nature on a massive scale in the present day — the communist economic system.

Both extremes — the hyper-capitalist and the communist economies — ultimately destroy any

healthy needs-based economy, because they both destroy individual freedom, creative power and responsibility towards the state and the people.

These questions are immensely serious and weighty; they extend far beyond the narrower sphere of economics to touch upon fundamental intellectual and national issues. It will fall to our academic youth to lead the way in this struggle of the declining Western world, to carry the banners for the redemption of suffering humanity from the bondage of interest and moral decline, towards a brighter future in which the national ideal of self-defence and pride in one's homeland and people will be united with the social ideal of economic and cultural solidarity amongst all fellow countrymen.

The NSDAP's Economic Reconstruction Programme

By order of Adolf Hitler dated 17 September 1932, the NSDAP's Economic Policy Department was reorganised in accordance with the principles of the state economy and the private sector. Gottfried Feder was appointed head of Main Department IV A (State Economy), whilst Walther Funk was appointed head of Main Department IV B (Private Economy), on the condition that the two heads of department were to act as each other's deputies.

This was intended to ensure the consistency of the NSDAP's overall economic policy. As a first measure, Walther Funk, in collaboration with Gottfried Feder, drafted the following 'NSDAP Economic Reconstruction Programme' and, together with , the fundamental principles of National Socialist economic policy already set out by Gottfried Feder in the 1932 'National Socialist Yearbook' were declared, by order of the Reich Organisation Leader Gregor Straßer, to be binding in their entirety upon all Gau leaderships, specialist speakers, and the NSDAP's Gau advisers on economic policy and engineering.

Furthermore, it should be emphasised that all publications dealing with National Socialist economic issues which are not published by the Party Publishing House do not have an official party character and do not acquire such a character simply because

by the author invoking a position within the Party.

The National Socialist German Workers' Party seeks to rebuild the state and the economy on a National Socialist basis, which can only be achieved through a far-reaching transformation of the political and economic system as part of a 'total solution'. The Papen government confines itself to inadequate individual measures which do not have an overall effect and therefore cannot lead to success. In tackling the economic crisis, we proceed on the basis that this crisis is not merely of an economic nature, but constitutes a crisis of the state, indeed a crisis of the nation. We therefore differ fundamentally from the Papen government both in our understanding of the nature of the crisis and in our objectives for economic policy.

The Papen government believes it can save the German economy by maintaining the current structure of the economy and making no changes to the existing economic system.

We are convinced that the German economy must undergo a fundamental structural change, and that the German economic system cannot be sustained in its present form. Furthermore, however, we believe that any economic recovery must be doomed to failure from the outset unless it is accompanied by a far-reaching reform of the Reich and state administration, as well as the municipal and the professional

self-government is established, and, if not, new forms and a new substance are given to economic administration. This complete restructuring of public administration, the economy and social life must be carried out on the basis of the National Socialist worldview and imbued with the National Socialist spirit.

In the reconstruction of the German national economy, the political and psychological prerequisites must first be established by stabilising the strong, by the will of the people. The political leadership must first clear the way for economic management to bring about a radical renewal of economic and social life in Germany by removing external and internal obstacles, by overcoming social strife, and by restructuring the constitutional and administrative foundations of the German Empire.

The primary aim of economic policy must be to preserve and strengthen the nation's human and land resources, so that every German may once again benefit from their labour, each individual according to their contribution. German economic policy must be conducted in a unified manner in accordance with this fundamental principle.

To achieve this, a far-reaching restructuring is required both of the structure of the German economy and of the

individual economic institutions. In this regard, economic policy will have to proceed in an organic and dynamic manner, preserving and nurturing that which is viable.

The NSDAP's economic reconstruction programme is based on the following fundamental demands:

1. Direct job creation for approximately two million people through the awarding of contracts for new state and private investment amounting to 5 billion RM. A special job-creation programme is in place.
2. Productive credit creation amounting to 3 billion RM by the Reichsbank, consisting mainly of book money and only 300 to 500 million RM in the form of currency in circulation. After stimulating the economy, these funds automatically flow back into the Reichsbank. Thus, there is no inflation, but rather the restoration of a sound currency and a sound monetary and credit system that promotes production.
3. Nationalisation of the entire monetary and credit system, including book money, and an expansion of the state clearing system.
4. Restructuring of the entire German economy through the centralisation of all public and private debt obligations within a General Debt Restructuring Institute. Recovery of

damage caused by inflation through a Pensioners' Provision Act.

5. A general reduction in interest rates in line with our overarching objective of breaking free from the yoke of interest rates, whilst taking individual economic circumstances into account as far as possible.
6. Amendment of the standstill agreements and uniform regulation of foreign debt, with interest rates and repayments adjusted to Germany's foreign exchange receipts. All foreign payments will be placed in the hands of a
7. Foreign Trade Office and a Foreign Exchange Centre, which is to form a department of the Reichsbank. There shall be no distinction between domestic and foreign currency, but only one German currency and one central bank, the Reichsbank, which has been restored to its former role.
8. Reorganisation of economic relations with foreign countries under priority the essential needs of the domestic market, whilst taking into account exports, which are indispensable for Germany. The quota system introduced by the government is correct in principle, but entirely inadequate, because this system in absurd includes incorporates the most-favoured-nation principle, and for its implementation, both the foreign policy power factor as well as the domestic policy will to live

. We are completely isolated in terms of foreign policy and lack a unified national will in domestic policy.

9. Tax relief through the reduction or complete abolition of taxes that hamper production and directly influence prices, simplification and standardisation of the tax system, and dynamic adjustment of tax rates according to needs of a productive economic framework.
10. Restoration of Germany's creditworthiness:

a) Restructuring of public finances, including public insurance schemes, and taking into account the fact that, once job creation has been successfully achieved, the billions spent on the unemployed will cease.

b) Elimination of the current unsustainable methods of balancing the budget. Restoration of budgetary accuracy and transparency.

11. State protective measures for agriculture (reorganisation of the marketing of agricultural produce and the agricultural co-operative sector, warehousing, transport, dairy, processing and canning sectors, and thelivestock and plant breeding. Cereal farming).
12. Reconstruction of housing and land ownership, taking into account the reorganisation of the mortgage loan (Reichshypothekenbank) and the

tax system in accordance with the principles of productivity and public health.

13. Systematic reorganisation of industrial and commercial production, taking into account state-controlled enterprises and those of particular particularly .

Provision of funds for job creation to expand Germany's raw materials base and to develop new national industrial and commercial sectors, as well as for technical and manufacturing restructuring (policy for small and medium-sized enterprises).

14. A national transport system. Expansion of the Reichsbahn, reorganisation of fares in line with the needs of the national economy requirements, a unified transport policy (road transport, shipping) and a centralised energy sector.

Justification

Debt relief for the economy cannot be achieved by cleaning up bank balance sheets and channelling subsidies to industry, nor can agriculture be helped by reducing interest rates by 2 per cent on part of the agricultural debt and negotiating with foreign countries over the reduction of imports by a few thousand hundredweight or even tonnes of agricultural products. Nor will the ordered protection against enforcement be effective unless, at the same time, the land on which the farmer cultivates

is made healthy and productive, and the future of German farmers is secured. None of this will be achieved by the measures taken by the Papen government.

It must be firmly recognised that there can be no recovery of German agriculture unless the entire German economy recovers. Nor can there be any effective debt relief for agriculture unless the entire German economy is freed from the stagnation and tangled web of debt in which it has been mired for years. The structure of the German economy is unhealthy, and the economic system is flawed and outdated; it is therefore necessary to take far more far-reaching measures than those being taken by the Papen government in order to bring about the necessary restructuring of the economy, without which any attempt to restore the health of agriculture is doomed to failure.

We must tackle not only political but also economic reform across the board. This must be based on the principle that the paramount objective of any economic policy must be the preservation and strengthening of the nation's human and land resources. There can be no healthy exports if the domestic market is ailing. We are not so foolish as to fail to recognise the necessity of exports for Germany. But a new, sound foundation must first be laid for exports as well, for today's exports are predominantly exports that lead to impoverishment and squandering. The backbone of the German economy is a healthy domestic market, and

the backbone of the domestic market is a healthy German farming community.

We have no intention whatsoever of destroying viable economic entities; on the contrary, we wish to preserve and nurture them. However, we do not believe it is justifiable to prop up economic enterprises with state subsidies when they are based on an outdated economic system. This applies not only to certain forms of business, such as vertically integrated conglomerates, but also to individual sectors of the economy which merely force harmful imports and in which the German labour input bears no relation whatsoever to the total value of the product.

Whilst the Papen government is focusing its attention on the reorganisation of the banks, we are also convinced that a sound monetary and credit system must form the starting point for economic recovery. However, we take the view that the current private-capitalist banking system cannot be maintained; rather, the entire monetary system must come under the sovereignty of the state and the banking sector must be placed under state supervision. Only under this condition can effective debt relief for the economy be achieved, which must extend to all debt obligations. We will not expect the state to spend billions on the reorganisation of the banks; the implementation of this reorganisation

but leaves it in the hands of a few private individuals, to whom the entire economy is irresponsibly entrusted. The rebuilding of the German economy should not be carried out by a handful of bank directors, but by the government, which is supported by the trust of the people and exercises its power in accordance with national and socialist principles. We do not want a state-controlled economy, nor do we want state socialism in the sense of Communist and Marxist doctrines; rather, we want a National Socialist economy that protects the nation from external and internal dangers and enables the systematic, collective effort of all sectors of the economy and all walks of life to promote the common good.

It is on the basis of these general principles that the reconstruction of the German economy will be carried out, and these principles must also be applied to the measures aimed at restoring the health of agriculture. For this reason, debt restructuring will encompass the entire economy and be entrusted to a General Debt Restructuring Fund anchored within the state's monetary and credit system; however, implementation in specific cases will be carried out on a professional basis and not by individuals or institutions outside the agricultural sector. The implementation of effective debt relief and restructuring requires state powers which the Papen government does not possess, and debt restructuring cannot yield lasting success unless interest rate cuts are also implemented centrally in

is carried out within a state-run monetary and credit system. Only under these conditions can legal certaintyin currency and capital markets and a fair balance between creditors and debtors be established. Only a general debt restructuring carried out by state-owned financial institutions can guarantee that this measure will not lead to a loss of confidence or to unjustified and intolerable capital losses or devaluations. On the contrary, this will enable us to achieve a higher and more secure valuation of land holdings, home ownership and other capital assets than is the case today. Agriculture and the economy as a whole— —will breathe a sigh of relief once they have been released from the stranglehold of debt and freed from unbearable interest burdens. Only then will the necessary further reductions in burdens, in particular tax relief, and the protection of national production against unnecessary and harmful imports, take full effect. At the same time, however, job creation will have to be initiated by central authorities on the basis of productive credit creation (Federgeld), which alone will provide a sound underpinning for our currency – something that is by no means present today. Illiquid financial bills, which are currently held by the Reichsbank as gold reserves, must be replaced by production bills and government guarantees , , which will form a sound

To stimulate the economy and channel the flow of gold back to the Reichsbank at regular intervals, whereas at present it is becoming bogged down somewhere in the illiquid, stagnant economy, thereby causing disruptions in monetary and credit transactions and losses of assets and income as a result of deflationary methods. It will also be necessary to introduce a completely new system for regulating foreign debt, which can only be achieved in a manageable way through a reform of the entire monetary and credit system. State regulation of monetary transactions with foreign countries is by no means the same as the nationalisation of foreign trade. In the economic system we are to build, the individual will be able to exercise his or her initiative to a far greater extent than is the case today. The reconstruction of the economy, as we shall carry it out on the basis of a new economic structure and a new economic system, will have as its primary aim the de-proletarianisation of the broadest masses of the working population, the peasantry and the middle classes. Real incomes will rise as the unbearable burden of interest and tax is removed and unemployment falls. It is obvious that such measures will also give a strong boost to production; care must therefore be taken to ensure that the imbalance between the prices of agricultural produce and industrial goods is eliminated . In the current system , the

credit economy leads to a general rise in prices, which it is believed can only be tackled by putting pressure on wages. In our economic system, the commodities market will be freed from the burdens and constraints caused by poor public administration and misguided economic management, and prices will become more flexible without reducing purchasing power or diminishing real income. Finally, once the restructuring of our economy is complete, we shall ensure that saving once again has a purpose, and we shall also promote saving through government measures.

In recent days, the Papen Government has received assurances from various economic circles, in particular from the Central Association of Banks, that the measures it has enacted are endorsed by the business community. The Papen government should not allow itself to be misled by these expressions of approval; above all, the German people must not be deceived into believing that the Papen government's measures are merely serving to maintain, by sheer force of will, a situation that cannot be sustained in the long term. The setback and disappointment will then be all the more severe. The utter inadequacy of Papen's measures will be particularly evident to the farming community. The farmer knows full well that he cannot be rescued from his dire straits by these paltry relief measures. Ultimately, he remains at the mercy of the banks and the creditors who are strangers to the land and has

no guarantee that he will be able to rebuild a healthy and secure livelihood on his own freehold land. But even all other business circles, which are sensible enough to recognise that something fundamentally new must first be created in order to rebuild a healthy economy in Germany, are extremely sceptical about the measures taken by the Papen government, unless they are indulging in a dangerous self-deception born of a narrow and cold political mindset. Unfortunately, the fear of this final decision is just as great today in the business world as it is in politics. Yet we cannot avoid this final decision if we do not wish to consign the German people and the German economy to Bolshevik chaos or foreign enslavement. And part of this final decision is also the abandonment of an obsolete economic system. The global economy, as it developed on the basis of a free monetary and credit system and with an emphasis on international considerations for trade between nations, has been destroyed in its essential components by the World War and the structural changes in the world's individual economic regions. This destruction has also affected individual national economies, though least of all those which recognised national imperatives in good time and protected themselves through state measures. The German economy and

first and foremost German agriculture, have fallen victim to this destruction with almost no protection. It is now necessary, first and foremost, to rebuild a national economy. Only then can trade with foreign countries be reorganised, and indeed in such a way that which the national political and economic imperatives. We have sufficient national capital in Germany. And through labour we can create new capital, so that our people can live and continue to develop. We can and must do without international capital, and we also have the task of freeing the German economy from the shackles of international capital.

German agriculture, and indeed the German economy as a whole, can only be helped by the national state, not by banks operating under international interest rates. As we do not have a national monetary and credit system, we must create one for ourselves. The same applies to all economic structures subject to international influences. The re-establishment of a national German economy on the basis of an internationally tied monetary and credit system, as the Papen government is now attempting, is an absurdity and an act of irresponsible short-sightedness. The first to collapse completely under this system will be the German farmer. But industry, trade and commerce will follow suit. Only a government that is necessary for the reconstruction of the

German economy can only be carried out by a government which, supported by the trust of the people, implements with unrelenting consistency the national and socialist principles that today are embraced solely by Adolf Hitler's National Socialist movement.

Notes

[←1]

According to the Statistical Yearbook for the German Empire, in 1915/16 there were a total of 4,761 public limited companies in Germany with a total share capital of 15.8 billion marks; of these, 397 were banks with a capital of 4 billion, leaving 4,364 public limited companies with the aforementioned total capital of 11.8 billion for all German industrial public limited companies. For the sake of completeness, it should be noted that there were also around 16,000 limited liability companies with a share capital of 3.5 billion. If, therefore, we add this 3.5 billion in capital from the G.m.b.H. to the above figure of 11.8 billion for the A.-G., we arrive at a total operating capital for large-scale industry of 15.3 billion. Despite this significant increase in the figure for industrial capital, the

ratio to loan capital does not change very significantly.

[←2]

The following figures on the Bavarian state budget are taken, in rounded amounts, from the Bavarian Statistical Yearbook for 1913. This is the last Statistical Yearbook published before the war that provides comprehensive information on Bavarian finances. No more recent editions were published during the war.

[←3]

A collective term for various types of councils.

[←4]

The Dawes Pact, based on the original text of the Committee of Experts dated 9 April 1924 and with commentary by Dipl. Ing. Gottfried Feder, Member of the Reichstag. Issue 7 of the National Socialist Library. Published by Franz Eher Nachflg., Munich, Thierschstr. 11. 144 pages. Price: M. 2.—, hardback M. 3.—.

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